Daily Report

Latin America

FBIS-LAT-95-215
Tuesday
7 November 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-215 CONTENTS *7 November 1995*

CARIBBEAN

Cuba

Alarcon: Nation 'U.S. Protectorate' With Helms-Burton Bill *[PRENSA LATINA]* 1
Alarcon Hopes U.S. To Lift Travel Restrictions *[PRENSA LATINA]* 2
Representative: Continuing U.S. Blockade 'Regrettable' *[PRENSA LATINA]* 2
EU Call For Reforms Rebuffed By Economic Recovery *[London FINANCIAL TIMES 7 Nov]* 3
Roundup of Sugarcane Developments Through 5 Nov *[Havana Radio, etc.]* 4

Haiti

Presidential Elections Scheduled for 17 Dec *[AFP]* 4
Prime Minister Werleigh Presents New Cabinet *[NOTIMEX]* 4

MEXICO

President Announces Measures To Revive Economy *[Mexico City TV]* 6
President To Announce New Farming Policies *[EL FINANCIERO 31 Oct]* 6

CENTRAL AMERICA

Guatemala

URNG Rejects Truce Extension Beyond 13 Nov *[NOTIMEX]* 8

Honduras

Official Accuses U.S. of 'Complicity' in Disappearances *[LA TRIBUNA 3 Nov]* 8

Nicaragua

Finance Minister Views Loans Conditioned to Telcor Sale *[Managua Radio]* 9

Panama

Chamber of Commerce on Effects of Helms-Burton Bill *[EL PANAMA AMERICA 2 Nov]* 9
Legislator: Son To 'Do Well' in Murder Trial *[LA PRENSA 5 Nov]* 10

SOUTH AMERICA

Argentina

Reaction to Assassination of Israeli Prime Minister 11
President Laments Rabin's Death *[TELAM]* 11
AMIA President: 'Savage Act' *[TELAM]* 11
Jewish Leader: 'Profound Shock' *[TELAM]* 11

Bolivia

Congress Approves Central Bank Reform Bill *[LA RAZON 28 Oct]* 12
Subversives Claim Kidnapping; Government Says Claim False *[TELAM]* 12

Brazil

President Views Rabin's Death, Leaves For Buenos Aires *[AGENCIA ESTADO]* 13

Increase of Electricity Rates Announced *[Rio de Janeiro TV]* 13
Government Issues Provisional Measure on Bank Mergers *[AGENCIA ESTADO]* 14
Provisional Measure Rules Merging of Institutions *[AGENCIA ESTADO]* 14
Four Petrochemical Firms To Privatize in 1995 *[GAZETA MERCANTIL 18 Oct]* 15
Privatization of Light Delayed *[JORNAL DO BRASIL 24 Oct]* 16

Chile

Accord To Promote, Protect Investments Reached With UK *[EL MERCURIO 2 Nov]* 16
President Orders Day of Mourning To Honor Rabin *[Santiago TV]* 17
President Appoints New Aviation Under Secretary *[EL MERCURIO 3 Nov]* 17
Government To Grant Salary Increase to Armed Forces *[Madrid EFE]* 18
Construction of Two Pipelines From Argentina Authorized *[TELAM]* 18
President Negotiates Human Rights Proposal *[Santiago TV]* 19
Party Leader Calls For Agreement on Human Rights Issue *[EL MERCURIO 2 Nov]* 20
Foreign Minister Views NAFTA, Investment Protection Accord *[Madrid EFE]* 20
Correction to Peruvian Daily Interviews Frei on Bilateral Ties 21
Correction to Uncertainty Surrounding Reconciliation Viewed 21

Colombia

Dynamite Blast in Barranquilla Kills 1, Injures 4 *[Santa Fe de Bogota Radio]* 22
Officials Arrest Suspect in Murder of Politician *[Santa Fe de Bogota TV]* 22
Government To Retain Military Leadership in 1996 *[Santa Fe de Bogota TV]* 22
Prosecutor General To Close Inquiry on Process 8,000 *[Santa Fe de Bogota TV]* 22
Justice Minister Explains Government Limitations *[Santa Fe de Bogota Radio]* 23
Rebel Threatens To Counter Venezuelan Incursions *[Madrid EFE]* 24
Poll: International Relations Not Well Managed *[Santa Fe de Bogota Radio]* 24

Ecuador

Congress President Warns About Possible 'Majority Reaction' *[Madrid EFE]* 24
Updates on Banking, Energy, Border Trade *[Media Note]* 24

Paraguay

President Laments Death of Israel's Rabin *[ABC COLOR 6 Nov]* 25

Peru

President Extends Condolences Over Rabin's Death *[Lima TV]* 25
Foreign Ministry Consultative Commission Installed *[EXPRESO 21 Oct]* 26
Daily: Lima Won 'International Image' War Against Quito *[EXPRESO 21 Oct]* 26
Ecuadoran Foreign Minister Changes Date of Visit *[Madrid EFE]* 27
Involvement of Military in Drug Case Noted *[LA REPUBLICA 24 Oct]* 27
'Second Most Wanted SL Leader' Profiled *[LA REPUBLICA 23 Sep]* 28
Correction to Analysts View Candidate's Chances 30

Cuba

Alarcon: Nation 'U.S. Protectorate' With Helms-Burton Bill

PA0311003095 Havana PRENSA LATINA in Spanish 1841 GMT 1 Nov 95

[By Angel E. Pino]

[FBIS Translated Text] Cienfuegos, Cuba, 1 Nov (PL) — Cuban Parliament President Ricardo Alarcon has warned here that if the U.S. government approved and implemented the Helms-Burton bill, it would mean the disappearance of our nationality.

"This country would become the property of a handful of people, all of whom would have U.S. nationality and passports. We would be a sort of U.S. protectorate," Alarcon yesterday told a large delegation of workers and neighbors of the "Ramon Balboa" Sugar Mill, located some 30 km from this city.

The sugar mill, which has the name of the local revolutionary youth who died during the fight against the dictatorship of Fulgencio Batista, is one of the hundreds of properties that, by virtue of the legislative bill, could be claimed in U.S. courts by the former owners of Cuban origin who have become naturalized U.S. citizens.

According to the U.S. authorities themselves, the amount of the claims could total approximately $100 billion, which is a figure that represents 50 times the total amount of what Cuba has made on average from exports in the last two years.

"This means that we would have to return the properties to the former owners or that we would have to allocate the country's revenues for half a century to amortize the debt in order for the United States to lift its hostile policies on Cuba, regardless of the ideological orientation of its government," Alarcon pointed out.

According to the U.S. regulations, the initiative taken by Congressmen Jesse Helms and Dan Burton would also grant the former owners the right to file suits in the United States against businessmen who invest in or trade with properties confiscated in Cuba.

The U.S. House of Representatives already approved the original version of the bill; however, the U.S. Senate modified it as it eliminated the controversial Chapter III regarding precisely the claims filed in U.S. courts and the sanctions on potential investors in the island.

The bicameral conference to make the two versions of the bill match is still pending. In the plenary sessions of the two chambers these versions will be voted on before it is forwarded to President Bill Clinton for his signsture.

In the opinion of the Cuban parliamentarian leader, "either one of the two versions focuses on the same issue: The hostile policies on Cuba."

Alarcon explained that his country was always willing to compensate the owners of properties nationalized by the revolutionary laws, as was the case with the nationals of other countries, but that Washington never recognized the Cuban sovereignty and rights in the case of the U.S. companies. This position has prevented the conflict from being settled.

"This country was embezzled due to the thefts, misappropriations, and the cash that politicians, former government officials, and other individuals linked to the previous governments who fled to the United States to escape from the revolutionary justice had taken with them," he affirmed.

The "Ramon Balboa" Sugar Mill, an old sugar mill that had been operating for more than half a century at the time it was confiscated in 1959, has been now been changed into a modern industrial complex thanks to a 50 million peso investment the revolutionary government made.

Nicolas (Niki) Gutierrez, and influential Cuban-American lawyer whom, according to the daily BALTIMORE SUN, played a significant role in the drafting of the bill, recently claimed to be the owner of that sugar mill; other sugar mills; and large properties, including land, cattle, oil, and stores.

Alarcon underscored that this is why the meeting, in which workers and peasants who knew the former owners delivered emotional speeches, "has an emblematic and symbolic meaning in this battle."

He pointed to the fact that Gutierrez, born abroad in 1964, is claiming properties, as is the case with many other potential plaintiffs, "that he has never seen and that, perhaps, he will never see."

Argelia Balboa, who comes from a humble family and that, thanks to the revolution, she said, became an engineer, emotionally explained the exploitation and poverty that prevailed in the region before 1959 and the changes that have taken place since then.

"This is why we do not want to know anything about (Niki) and his family," she stressed, while the attendants applauded, in reference to a likely return of the former owners of the sugar mill that was named after her brother.

Agustina Lopez, an 84-year-old woman, said that "if they come here," they will find only ashes. "I swear it for my father, who suffered the abuse and exploitation of these people," she stressed with tearful eyes.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

According to the population and housing census the Batista dictatorship conducted in 1953, the last census taken prior to 1959, in Cruces, the municipality where the "Ramon Balboa" Sugar Mill is located, there were 1,108 houses in the countryside, 1,025 of which were built of yagua palm leaves and had dirt floors.

In Santa Isabel de Las Lajas, a neighboring municipality, 80 percent of school-age children were illiterate.

Alarcon Hopes U.S. To Lift Travel Restrictions

PA0611201695 Havana PRENSA LATINA in Spanish 1855 GMT 6 Nov 95

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 6 Nov (PL) — Ricardo Alarcon, president of the Cuban National Assembly of the People's Government [ANPP], said that following Cuba's adoption today of measures that favor trips by emigres to the island, he hopes the United States will reconsider things and lift all restrictions to this effect.

In statement to PRENSA LATINA, Alarcon explained that his country has been moving along the most humane and rational path with regard to its nationals living abroad, while "a somewhat inverse trend has been observed" in the United States.

The ANPP president thus discussed the decisions announced during the plenary session of the 2d "The Nation and the Emigration Conference." These decisions establish the document dubbed Travel Feasibility, which emigres will be able to request at their respective consulates, without political and ideological strings.

This document, which is renewable, will allow those who wish to visit Cuba and their relatives to do so freely, without any need for previous authorizations, he added.

Alarcon pointed out that the only exception will apply to those who maintain an aggressive attitude toward their country of origin and are linked to groups that promote that position abroad.

Subsequently, he recalled that — in the past — Cuba had to adopt many measures of safeguard and control regarding migration matters, because this issue had been wielded against Cuba by the U.S. Government, "even though in the past period, bilateral steps have been taken that tend to normalize relations" in this area.

In light of this background, we have adopted the current decisions, he pointed out, that intend to facilitate and normalize ties between the emigres and their motherland. Consequently, we believe we are taking the most correct and practical action, he concluded.

Representative: Continuing U.S. Blockade 'Regrettable'

PA0711032195 Havana PRENSA LATINA in Spanish 1724 GMT 2 Nov 95

["Cuban Ambassador Denounces Continuing U.S. Blockade Against His Country" — PRENSA LATINA headline]

[FBIS Translated Text] United Nations, 2 Nov (PL) — Bruno Rodriguez, Cuba's permanent representative to the United Nations, today said is regrettable that the U.S. blockade policy for Cuba is being maintained and tightened in disregard of three consecutive UN resolutions.

While introducing the draft of the resolution "Need to Put an End to the Commercial, Economic, and Financial Blockade Imposed by the United States of America Against Cuba," Rodriguez explained in detail the fact that the blockade continues and is being intensified.

He recalled that the laws and regulations that norm that policy of permanent economic pressure are being maintained and that new steps have been adopted to strengthen and expand that policy, such as the actions approved by the U.S. House and Senate (the Burton-Helms bill).

Rodriguez denounced the danger caused to the Cuban economy by the extraterritorial dispositions of the so-called Torricelli law. He explained that his country must pay higher-than-normal freight costs because ships docking in Cuban ports must wait 180 days before they can dock at any U.S. port.

He also mentioned the additional price Cuba has to pay for goods because Cuba has to resort to far-away markets and this, together with higher freight costs, has meant additional expenditures for $69 million.

Rodriguez revealed the obstacles foreign companies face in selling medicine to Cuba and noted that Cuba's two suppliers of pacemakers halted their sale on pressure from the United States.

Rodriguez estimated that considering the revenue it failed to receive and additional costs, the Cuban economy lost more than $1 billion in 1994, which amounts to almost 50 percent of the country's total imports that year.

Rodriguez termed unbelievable the fact that pressure is being exerted on governments of developing countries to try to keep them from acquiring in Cuba novel and, often, unique, products of the island's biotechnological industry without thinking about the thousands of lives

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

that can be saved by vaccines and medicine of known efficacy.

The Cuban official stated: "It is a shame that at a moment when the United Nations is commemorating its 50th anniversary, an entire nation is suffering as a result of a unilateral political decision. It is also incredible that this crime, which could be stopped by a unilateral political decision from powerful U.S. political circles, continues to be committed every day."

Rodriguez said that in 1995, the international community observed with alarm the bills the U.S. Congress has passed to lead the blockade to unforeseeable limits and how, to achieve this, there are plans to severely punish the states, companies, and individuals that have economic ties with Cuba.

The ambassador also referred to a report prepared by UN Secretary General Butrus-Ghali on the issue and to the harm being done to Cuba's health, food, and education systems, as stated in that report, as a result of the U.S. punitive measures.

Rodriguez pointed out his government's aspiration to have normal relations with all the states, without exception, as well as its will to resolve the differences between Cuba and the United States through a dialogue and negotiations based on respect and equality, as it happened, for example, with the talks on migration.

In spite of all this, he said, new dangers loom over Cuba and its existence as an independent nation. This is why Cuba is addressing the international community. It is doing it not only because of the extraterritorial effects of the blockade but also because today more than ever it is evident that the United States wants to decide on the government system and social structures Cuba must have.

This is why, he said, the decision to be adopted today by this forum on the resolution draft that has been presented, is fundamental for affirming the respect due to the principles established in the UN Chart.

EU Call For Reforms Rebuffed By Economic Recovery

MS0711111095 London FINANCIAL TIMES in English 7 Nov 95 p 5

[Report by Pascal Fletcher: "EU Envoys Face Bullish Cuba Lifted by Economy"]

[FBIS Transcribed Text] Havana — European Union envoys in Cuba this week for talks on a possible cooperation accord will find a government increasingly confident about prospects for economic recovery and apparently equally determined to resist outside pressure for political reform.

European diplomats in Havana say the talks are aimed at sounding out the Cuban position ahead of negotiations on a formal accord. The EU has signed cooperation agreements with every Latin American state except communist-ruled Cuba.

While both sides insist there are no preconditions, EU members, including Spain, current holder of the EU presidency, have made it clear they see political reform and human rights in Cuba as issues that cannot be ignored. The EU is also likely to press for faster, deeper economic reforms.

But Havana-based diplomats say President Fidel Castro's government feels much stronger than a year ago, its confidence boosted by signs of economic recovery, worldwide condemnation at the United Nations last week of a US trade embargo and the recent morale-boosting trip to New York by Mr Castro.

This confidence seems to have strengthened the government's determination to resist outside pressure — from friends or enemies — to open up Cuba's political system or embrace a fully fledged market economy.

"We have plenty of reasons to be optimistic," Mr Roberto Robaina, Cuba's foreign minister, told more than 300 Cuban exiles, some of them known anticommunists, at a conference in Havana this weekend.

Mr Jose Luis Rodriguez, economy and planning minister, told the conference he expected the Cuban economy to grow about 2.5 per cent this year, an improvement on the 0.7 per cent growth reported for 1994.

Government leaders heard at least one impassioned call from the exiles for political reform. But while they listened politely, they were generally adamant Cuba would not accept political recipes imposed from outside.

Mr Robaina chided those who denounced the U.S. embargo while at the same time persuading Cuba to adopt other political and economic models. He said they were committing a "crass mistake".

This is precisely the two-handed approach towards Cuba adopted by the EU and other major trading partners of the island, such as Canada.

The government's morale was bolstered by the UN General Assembly resolution passed overwhelmingly on November 2, which called or the U.S. to lift its economic embargo against Cuba.

"Today, the world is with us breaking this blockade," Mr Robaina said.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Roundup of Sugarcane Developments Through 5 Nov

PA0611172595

[FBIS Editorial Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 5 November.

Matanzas Province wants to comply with October goals for sugarcane production of more than 1,000 caballerias planted. There are already 800 planted of the 1,200 that should be planted before December. (Havana Radio Rebelde Network in Spanish 1255 GMT 25 Oct 95)

Holguin Province holds second place in production of vegetables. The sugarcane sector has taken as example the agricultural production and has taken measures to prevent low grinding and low grinding quality present last year. (Havana Radio Rebelde Network in Spanish 1255 GMT 26 Oct 95)

Approximately 160 modified KTP-2 machines are ready to be used in the sugarcane harvest. The sugarcane repair shop in Holguin must modify 245 sugar combines to substitute 490 harvesters that will cut 10 percent of the overall harvest. By adding ammonia to the shoots fertilization costs have been cut by approximately 50 percent. (Havana Radio Rebelde Network in Spanish 1255 GMT 26 Oct 95)

The sugarcane ministry is making efforts toward making the necessary repairs to the equipment in order to assure good results in this year's harvest. (Havana Radio Rebelde Network in Spanish 1800 GMT 30 Oct 95)

Santiago de Cuba is getting ready to surpass the 80 percent goal for the sugarcane harvest. Approximately 750 sugarcane cutters will be employed at the Rafael Reyes Complex. (Havana Radio Rebelde Network in Spanish 1800 GMT 30 Oct 95)

Sugar workers from Ciego de Avila province modified sugarcane railroad transportation system. This modification will help to reduce losses in this sector. Workers will also repair locomotives. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 1 Nov 95)

Haiti

Presidential Elections Scheduled for 17 Dec

PA0711012695 Paris AFP in Spanish 2255 GMT 6 Nov 95

[FBIS Translated Text] Port-au-Prince, 6 Nov (AFP) — Provisional Electoral Council (CEP) President Pierre Michel Sajous announced today that the first round of the Haitian presidential elections will be held on 17 December.

Sajous added during a news conference that if a runoff election is necessary, it will be held on 21 January. He said that everything possible will be done for both elections to be "correct."

Candidacy declarations should begin by 8 November. The electoral campaign will take place between 20 November and 15 December.

The final results of the first round should be disclosed on 31 December and the results of a possible runoff election should be disclosed on 4 February.

This election will allow the Haitian people to find a successor for President Jean-Bertrand Aristide, whose five-year mandate ends on 7 February 1996.

Aristide's supporters are demanding a three-year extension of his mandate for the three years he lived in forced exile between 1991 and 1994, following the violent military coup d'etat that toppled him on 30 September 1990.

However, Aristide has confirmed on several occasions that he intends to relinquish power on 7 February so that he can spend most of his time writing books.

Most politicians and the opposition, from socialists to centrists and Christian Democrats, have announced their refusal to participate in this election and are demanding changes within the CEP, which they accuse of having excessive power.

Prime Minister Werleigh Presents New Cabinet

PA0611192695 Mexico City NOTIMEX in Spanish 1658 GMT 6 Nov 95

[FBIS Translated Excerpt] Port-au-Prince, 6 Nov (NOTIMEX) — Analysts have highlighted that the cabinet Haitian Prime Minister Claudette Werleigh presented today before Parliament is much closer to President Jean-Bertrand Aristide's political ideas than the previous one.

On Sunday, Werleigh presented before the Senate her general policy declaration, promising to do everything possible to improve the living conditions of Haitians, to lower the cost of food, and to fight corruption.

Nevertheless, political analysts pointed out that the program is very ambitious and difficult to carry out in the few months remaining before a new president takes office, which will be in February.

This is the new cabinet headed by Prime Minister Claudette Werleigh:

Fritz Longchamps: Foreign Affairs

Jean Marie Cherestal: Finance and Economy

Rene Magloire: Justice

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Mirtho Celestin: Education

Rudolphe Mallebranche: Health

Roger Perodin: Commerce and Industry

Jacques Dorcean: Public Works

David Nicolas: Agriculture

Gerard Blot: Public Administration

Paul Antoine: Information

Jean-Claude Bajeux: Culture

Wilthan Lherisson: Interior and Defense [title as published]

Farah Juste: Haitians Living Abroad

Therese Guilloteau: Women's Affairs

Yves Andre Wrainright: Environment

Fred Joseph: Planning and External Cooperation

Mathilde Flambert: Social Affairs [passage omitted]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

President Announces Measures To Revive Economy

PA0611155495 Mexico City XEW Television Network in Spanish 0400 GMT 1 Nov 95

[From the "24 Hours" newscast]

[FBIS Translated Text] On 31 October, President Ernesto Zedillo announced specific measures to increase the productivity of businessmen and to promote job creation. He signed an Exemptions and Fiscal Incentives Decree based on the Fiscal Code of the federation, which empowers the president to do so. This took place during a meeting with businessmen, union leaders, and government officials at Los Pinos official presidential residence.

Finance Secretary Guillermo Ortiz said that the tax burden on small- and medium-sized companies will be eased:

[Begin Ortiz recording] Exemptions from paying the Asset Tax over the next 14 months will certainly help the process to revive the economy. The same is true for the companies that may deduct taxes on investments made over the next 14 months that surpass investments made during the first 10 months of 1995. [end recording]

There will be an extension on the partial pardon of the Income Tax granted a few months ago to those who received loans from their employers at preferential rates.

As for the car industry, the purchase of new cars will be tax-exempt from 1 November 1995 to 31 December 1996, and companies may deduct up to 71 percent of the value of new cars purchased. The president will also present to the consideration of the Congress legal modification proposals to boost economic activity, to simplify fulfillment of fiscal obligations, and to give greater juridical security to taxpayers. This is in addition to the measures specified on the 31 October decree. President Zedillo said this decree meets some of the promises made on 29 October, when the Alliance for Economic Recovery was signed. He urged businessmen to unite efforts:

[Begin Zedillo recording, in progress] ...all of us united in our decisions and with absolute clarity of goals. We will continue to build this alliance to give our country the yearned for economic revival. Let us all build this trust; let us do it for Mexico. Thank you. [end recording]

Others who spoke at this ceremony were Rafael Riva Palacio Pontones, leader of the Labor Congress; Victor Manuel Diaz Romero, president of the Confederation of Industrial Associations; Miguel Palacios, president of the National Auto Spare Parts Industry [Industria Nacional de Autopartes]; and German Gonzalez Quintero, president of the Confederation of National Chambers of Commerce.

President To Announce New Farming Policies

PA0411142195 Mexico City EL FINANCIERO in Spanish 31 Oct 95 p 20

[Report by Lourdes Edith Rudino]

[FBIS Translated Text] The new farming policy that President Ernesto Zedillo will announce today establishes elements that tend to offset the depletion of capital and the lack of profitability of the countryside with elements such as:

- Adapting the means of subsidization and marketing for the sector so that producers can apply new techniques and form productive chains to harness aggregate value.

- Restructuring agricultural second-tier banking, the FIRA [Trust Institute for Agriculture], which will increase the sources of financing for the countryside.

Productive sources that are taking part in the negotiations between farmers and the government reported this and opined that the topic of financing should be the core of the policy. "They [not further identified] have to tell us what is going to happen to the one million producers who stopped receiving financing since the previous six-year presidential term and how the portfolio problem will be untangled."

The financial topic is essential in order to reactivate production units today and to guarantee fulfillment of all other projects that depend on it.

But the productive sources taking part in the negotiations clarified that the final agreement of this topic fell into the hands of the authorities because the negotiation between producers and officials within the framework of the Intersecretarial Commission of the Agricultural Cabinet [Comision Intersecretarial del Gabinete Agropecuario — CIGA] ended "roughly and without specifications."

On the other hand, final, preliminary, and analysis documents of CIGA negotiations show that the new policy will uphold government intentions for the countryside of the past six-year presidential period aimed at eliminating small land ownerships [minifundios], incorporating large flows of private national and foreign investments, and reconverting crops and production according to free world trade.

Although the policy intends to strengthen producers so that they stay rural by offering employment and guaranteeing food production, it acknowledges that 25 percent of the population engages in agricultural chores

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and that this only contributes to 7 percent of the GDP, and the possibilities of offering work in other sectors of the economy are nil.

It also acknowledges that dependence on food from abroad is dangerous and causes situations such as this year's — shortages and expensive grains for livestock feed.

In fact, for the medium term it is expected that there will be industrial, commercial, or service sector sources of work in rural areas to diversify peasant family incomes and prevent their migration to the large cities or to the United States.

Production sources who were consulted and who have to do with the financial sector, said that at practically "a quarter before the hour" of the established term for CIGA results, presidency officials and officials from the Finance and Agricultural Secretariats, met to specify the final document of the CIGA financing table after producers and authorities defined the part dealing with second-tier banking.

"FIRA parameters were established and it was decided that it was to be autonomous and that its sources of discounted [financing] would be increased, but the way this was to be accomplished was not specified — whether FIRA would be incorporated into local banks, what role would credit unions play and other aid organizations. It was also said that BANRURAL [National Rural Credit Bank] would be restructured, but there was no word on how it would be done. The criteria on how to assign financial resources was not known either or what type of producers would receive credit with development funds."

The CIGA documents show that the new farming policy is intended to "modernize" the countryside in the medium-term through a "technological leap" that will be differentiated according to the type of producer, based mainly on:

— Reconversion of Procampo [Program of Direct Support to the Countryside] in areas such as basic grain at international competition level, a compensation instrument to another capitalization instrument with resources for 15 years at the current value (through negotiations with credit sources).

This is to help producers purchase new technology and increase their levels of production three times as much.

— The use of Procampo in getting unproductive basic grain farms to produce other crops, cattle, or forest products and the passage of laws for the program under the new name of Produce to ensure its presence beyond the six-year period.

Under this same guideline, there will be:

— More support for research and training with greater public funds and with the participation of private investment through local sponsorships.

— The recovery, in favor of agriculture activity, of more than six billion new pesos, which were diverted in 1995 to subsidize the consumption of food and which, according to the farmers' proposal, could be incorporated into the agriculture sector as a marketing tool.

— Subsidies for basic grain producers similar to the ones offered in the United States and Canada.

— A regionalization of prices for producers of basic grains, including corn, to encourage the transfer of consumer industries to the grain-producing areas.

The texts show the need to eliminate intermediaries in the marketing of these products. They include:

The restructuring of warehouses and the Conasupo [National Company for Basic Commodities] to incorporate grain producers into the marketing process through the practice of pawning and guarantee a constant supply for grain consuming industries and the possibilities for allowing stores to import grain and supply consumers.

The progress made at the financial table means that:

— FIRA will incorporate risky capital in its operations with the addition of Focir and will be free to mix resources from foreign financial sources and banks.

As for foreign trade, there are plans to implement a monitoring system to avoid unfair practices in the export-import field.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Guatemala

URNG Rejects Truce Extension Beyond 13 Nov

PA0711040095 Mexico City NOTIMEX in Spanish 2341 GMT 6 Nov 95

[FBIS Translated Text] Guatemala City, 6 Nov (NOTIMEX) — The Guatemalan guerrillas today rejected any possibility of extending the cease-fire beyond 13 November, and they noted that the unilateral truce has been in effect since 1 November throughout the national territory.

Francisco Villagran, member of the Political-Diplomatic Commission of the Guatemalan National Revolutionary Unity (URNG), today ruled out, in statements for Radio Sonora from Mexico, an extension of the truce as President Ramiro de Leon suggested.

In this regard, he said that the URNG will maintain its "suspension of offensive operations" until the day after the general elections scheduled for 12 November, but he noted that there will be no indefinite halt to hostilities.

In September the URNG decreed a stoppage of war actions from 1 to 13 November to facilitate the general elections of 12 November.

Villagran pointed out that they have "faithfully complied" with the truce since it started with a unilateral commitment that the URNG made on Contadora Island, Panama.

Compliance with the cease-fire has been confirmed by the Guatemalan Army, whose information department reported that there is a "real and effective" truce, Villagran told the radio station.

He added that a definitive end to hostilities is part of the peace negotiations with the Guatemalan Government, and thus, it is within this framework that it will be determined "how they will bilaterally reach" a permanent truce.

"We are waiting for the moment to discuss this issue at the negotiation table, but in the meantime, our unilateral commitment (to suspend war actions) will end the day after the elections," Villagran stressed.

Contrary to what has happened on other occasions, this time the guerrillas have limited their actions to peacefully occupying towns in the interior of the country and holding meetings with the people to urge Guatemalans to vote in the electoral process.

In that sense, Villagran, member of the URNG General Command, defended the publication of messages by the rebels in the Guatemalan electronic and written news media dealing with peace and the electoral process.

Villagran said that the URNG "hopes peace will soon be attained in Guatemala" and that their messages seek to "make people realize that the 35 years of struggle have not been in vain."

"We have always said 'it can be done' (slogan in the messages) and that the URNG's struggle was worthwhile," as we are currently holding negotiations with the government during which we have reached favorable agreements for the people, Villagran stressed.

The URNG has no links to any of the political parties participating in the elections. Villagran noted that the campaign in the media "is simply a reflection of the justice and fairness of the Guatemalan revolutionary movement."

Honduras

Official Accuses U.S. of 'Complicity' in Disappearances

PA0611223195 Tegucigalpa LA TRIBUNA in Spanish 3 Nov 95 p 3

[FBIS Translated Text] National Human Rights Commissioner Leo Valladares Lanza denounced yesterday that there is complicity and silence on the part of the United States regarding the individuals who disappeared during the past decade.

Moreover, he stated that Argentine highest military echelons interfered directly and under cover by exporting their state terrorism at that time.

He pointed out, "There could have been complicity on the part of authoritarian and dictatorial governments of the 1980's. Those who classify documents do so for a reason, and those who declassify do so because they want to establish the truth."

Leo Valladares stated that no country (including the United States) can carry out a two-way policy, which means respecting their citizens' basic rights and violating the rights of those who are considered as second- and third-class citizens." [no opening quotation mark as published] This he added in reference to Hondurans as third-class citizens.

He underscored, "This will teach us to treat our fellow countrymen as first-class citizens and not to yield under the pressure exercised by other governments."

Valuable Information

The commissioner affirms that he possesses a series of papers that he received from an academician from a U.S. university.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

He explained, "This is not a secret document, is not classified, and would not have been related earlier to what happened in Honduras had it not been for complete chapters that help to establish the participation of Argentine groups."

Leo Valladares underscored that this information is currently being examined for further comparison with the information available. He said, "There are details regarding the participation of the Argentines not only in this country, but also in the rest of Central America."

The commissioner advanced that he will shortly receive other documents to clear up at least some of these cases, if not all of them.

He commented that exhumations have been a great encouragement for the declassification process because the individuals who had been sought were found.

Military Officers Admit Their Responsibility

In his opinion, the fact that military officers have admitted the violation of human rights is the strongest evidence that they were truly responsible.

He urged both the police and the FFAA [Armed Forces] to act within the law. He pointed out, "If they do not do so, they should be called attackers, bandits, and criminals."

He admitted he was afraid and concerned because various young people who had been killed were found over the past few days. He underscored, "If we observe that there is a pattern of crimes and that the authorities are unable to investigate at least one of these cases, then we may have some evidence to say that there has been complicity on the part of the police or another armed group."

Nicaragua

Finance Minister Views Loans Conditioned to Telcor Sale

PA0611194595 Managua Radio Sandino in Spanish 0200 GMT 31 Oct 95

[From the "What's Happening?" newscast]

[FBIS Translated Text] Finance Minister Emilio Pereira Alegria said yesterday that an $80-million loan the World Bank has frozen will be granted to Nicaragua only through the sale of Telcor [Nicaraguan Telecommunications and Postal Services Institute].

Finance Minister Pereira referred to other topics regarding the national economy and their relationship with the national tax system.

[Begin Pereira recording] When we realized it was necessary to [word indistinct] Telcor, we made this suggestion before the constitutional reforms as an idea of the Nicaraguan Government and people that it was necessary to obtain massive investments for telecommunications. Since this has not been achieved, two loans surpassing $90 million have been conditioned. It is necessary to (?sell) Telcor, not only with the [words indistinct]. It has nothing to do with the stop-gap loan, does it? Rather, if we obtain the stop-gap loan, in March we will receive an $80-million loan from the IDB [Inter-American Development Bank] and the World Bank. Then, Telcor's case became entangled. If Telcor is sold, $90 million are disbursed [word indistinct] property and in addition, $80 million will be released in March. If Telcor is not sold, we get nothing. [end recording]

This was Finance Minister Dr. Emilio Pereira.

Panama

Chamber of Commerce on Effects of Helms-Burton Bill

PA0611190995 Panama City EL PANAMA AMERICA in Spanish 2 Nov p E12

[Report by Aquilino Ortega Luna]

[FBIS Translated Text] Juan Jose Vallarino, president of the Chamber of Commerce, Industries and Agriculture yesterday said that the Helms-Burton Bill promoted by the U.S. Congress to strengthen the embargo against Cuba could affect commercial and economic activities of some companies in the Colon Free Zone.

Vallarino said that the Bill could also affect other commercial sectors in the country, but stressed that "particularly" the Colon Free Zone will be affected.

Vallarino noted that in face of this type of "attitude" adopted by the U.S. Congress, the national private sector should "close its ranks" and maintain a clear and firm position toward the placing of products in more accessible markets.

Vallarino thinks that commercial relations with the Cuban Government will continue, despite the pressure, and the fact that some Panamanian companies in the Colon Free Zone could be affected.

The strengthening of the trade embargo on Cuba is aimed at putting an end to foreign investments in the island, under the premise that those investments consolidate Fidel Castro's political stability.

The U.S. initiative threatens to apply possible sanctions to foreign businesses dealing with the Cuban Government.

Vallarino said that various Panamanian representatives of the private sector are participating in the "Havana

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Fair." They are studying the best alternatives in order to strengthen trade exchange between the two countries.

Vallarino stressed that it is "absurd" on the part of the Americans to try to strengthen this measure against the Cuban Government, now that the world is turning toward a commercial opening among the various economic blocs.

"I believe this type of commercial blockade is a bad example for the international community," Vallarino stressed.

Legislator: Son To 'Do Well' in Murder Trial

PA0711043895 Panama City LA PRENSA in Spanish 5 Nov 95 p 9A

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] Gerardo Gonzalez, a legislator from the ruling party, has said that his son, Pedro Miguel Gonzalez, who was charged with the death of U.S. soldier Orwell Zak [as published], will do well at the hearing and that this is why "we will go to trial fast."

Zak died in 1992 when a group of unidentified individuals ambushed the armored car on which he was traveling in the outskirts of Panama City. According to the Attorney General's Office, Pedro Miguel was involved in this illegal act. He and his lawyers have denied it.

Pedro Miguel's father affirmed that "it has been perfectly clear that, unfortunately, the legal independence Panamanian President Ernesto Perez Balladares wanted for the Attorney General's Office pertains only to the executive branch, not to the [U.S.] Embassy. This is why we are not surprised."

The case prosecutor, Dimas Guevara, two weeks ago ordered Pedro Miguel Gonzalez, who has remained in prison for nine months since he surrendered to authorities, to stand trial.

According to the PRD [Democratic Revolutionary Party] legislator, a U.S. Embassy official on 20 October sent a note to Attorney General Jose A. Sossa complaining about Pedro Miguel's lawyer, Carlos Carrillo.

Gerardo Gonzalez maintained that the individuals who mentioned his son as one of the people involved in the case "are witnesses the North Americans have paid off. Their reports do not even match, and their statements are full of contradictions, which have been used as basis to bring to trial."

He also explained that five Panamanian experts ruled out the weapons involved in the case and that the Scotland Yard had done the same. However, the authorities are using an unsigned FBI report that was prepared without the authorization of Panamanian legal authorities, he added.

In the opinion of Legislator Gonzalez, prosecutor Guevara has become "an accessory to the crimes of concealing and falsifying evidence."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Argentina

Reaction to Assassination of Israeli Prime Minister

President Laments Rabin's Death

PY0611142695 Buenos Aires TELAM in Spanish 2322 GMT 4 Nov 95

[FBIS Translated Text] Buenos Aires, 4 Nov (TELAM) — Argentine President Carlos Menem today repudiated and lamented the murder of Israeli Prime Minister Yitzhaq Rabin, and called the event "a real tragedy."

Menem told Radio Station 9.9 that Rabin "set an example for those who want to continue struggling for peace," and expressed his confidence that Rabin's successors will shore up the Middle East agreements.

"This is a real tragedy. Attacks in general, but especially those of this magnitude, jeopardize the community where they take place," Menem said.

He added: "The Israeli prime minister has been a tireless fighter for peace, he has great accomplishments to his credit, and this is the price he has had to pay for his talent, abilities, and love for understanding among men regardless of their race or religion."

Menem stated: "He did something great. Unfortunately, this attack puts that part of the world, the Middle East, in a very difficult situation."

The Argentine chief executive went on to say: "In any case we must keep calm, and I believe that the people who will continue the struggle, will follow the steps of Prime Minister Rabin."

Menem recalled his recent meeting with Rabin in New York on occasion of the 50th anniversary of the United Nations and said that "during this meeting we talked about many issues, including peace between Israel and Palestine which was being shored up day by day. Rabin knew how difficult the situation was, but he was convinced that they would succeed in the end."

Menem added: "On that occasion he told me that (Yasir) 'Arafat was one of the instigators of the peace effort, at great risk to himself. He said that 'Arafat too had at least managed to convey to his people that violence is not advisable, that efforts to build a relationship between the two peoples had to continue, and that he was being quite successful in this endeavor."

The president was asked to comment on the risks that heads of state run. Menem stated: "Such risks are common to all public men who tread dangerous paths."

Menem added: "An extremist was to blame for this attack, but it would have been infinitely worse had it been perpetrated by the other side."

[Buenos Aires TELAM in Spanish at 1346 GMT on 5 November carries a 100-word report which states: "President Carlos Menem said that Israeli Foreign Minister Shim'on Peres will be working even harder to reach an agreement with the Palestinian and Arab communities to attain peace in the Middle East.

"Menem told Radio America: 'I have no doubts that Minister Peres will follow the steps of Israeli Prime Minister Yitzhaq Rabin, who was killed in Israel last night, and that he and with PLO leader Yasir 'Arafat together will make significant progress toward the attainment of peace in the region.'"]

AMIA President: 'Savage Act'

PY0611133695 Buenos Aires TELAM in Spanish 2317 GMT 4 Nov 95

[FBIS Translated Text] Buenos Aires, 4 Nov (TELAM) — Alberto Crupnicoff, the president of the Argentine-Israeli Mutual Association (AMIA) has condemned, on behalf of the Jewish community in Argentina, the attempt on Israeli Prime Minister Yitzhaq Rabin's life perpetrated today in Tel Aviv.

In a phone call to TELAM News Agency, Crupnicoff said that he was "overwhelmed with consternation and grief over what happened," adding that he hopes "the Middle East peace process will not be disrupted" on account of the assassination of the Israeli premier.

The AMIA president deemed that the attempt on Rabin's life was a "savage and insane act." He said that "the Israeli people do not want to have any more attacks in any part of the world."

Crupnicoff pointed out that Rabin's death "is a great loss for all mankind, since he was one of the leading standard-bearers for the search for peace in the world."

Jewish Leader: 'Profound Shock'

PY0611131995 Buenos Aires TELAM in Spanish 2212 GMT 4 Nov 95

[FBIS Translated Text] Buenos Aires, 4 Nov (TELAM) — Ruben Beraja, president of the Argentine Israeli Associations (Daia), expressed his profound shock "over this considerable loss for world peace," referring to the death of Israeli Premier Yitzhak Rabin.

"I am deeply moved. It is an unfortunate incident and a great loss for world peace," the Jewish-Argentine leader told TELAM.

According to Beraja, Rabin, who belong to the Labor Party, "had the courage to take initiatives with confidence and vision, and peace was always at the top of the list."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Regarding those who have claimed responsibility for the assassination, Beraja stressed that "it is a terrible affair that goes much further than any nationality or religion."

Beraja expressed his confidence that the peace process that Israeli and the Palestinian authorities are pursuing "will not come to a stop" due to this criminal and irrational criminal acuon.

Bolivia

Congress Approves Central Bank Reform Bill

PY0711114295 La Paz LA RAZON in Spanish 28 Oct 95 pp B6, B7

[FBIS Translated Text] After a marathon session that lasted nearly 18 hours, the Chamber of Deputies yesterday morning approved the draft bill amending Bolivian Central Bank [BCB] regulations. Deputies introduced 13 amendments to the document approved by senators.

The document the Chamber of Deputies approved yesterday defines the BCB as an autarkical and autonomous entity responsible for formulating and implementing the country's monetary, foreign exchange, and financial intermediation policies. The BCB also received the mandate to guard the stability of our national currency.

Amendments

The most important amendments to BCB regulations refer to the financial system. Legislators sought a consensus of all those affected by the bill. However, the Association of National Private Banks (Asoban) rejected almost all important amendments, which were approved as an answer to problems that have infected the banking system since last November, when the Sur and Cochabamba Banks were liquidated.

Minimum Capital

Article 31, Item D establishes that banks must maintain their minimum capital at two levels: a minimum of $5 million, as established in Banks Law 1488, and a ceiling equivalent to the national banking system average, which currently totals approximately 12 million dollars.

The article says that the BCB will be able to increase, but not to reduce, this established minimum when it registers a new bank. The article also says that the increase should not exceed the established ceiling.

Interlocking Credits

Article 32 completely forbids interlocking credits in the financial system. According to the government, interlocking credits are one of the main causes of banks' bankruptcies.

The article defines as interlocked credit any loan to a person or group of persons who own more than 10 percent of a bank, or who performs the job of a director, an executive, or the internal control of the bank, or acts as permanent adviser to high-ranking bank officials. A loan will also be considered interlocked when the institution's records do not contain updated information and identification on owners and when loans are not justified.

Article 32, Item D gives the Banks Superintendency the attribution, whenever it has reasonable indications, to presume "juris tantum" the existence of a interlocking credit. Asoban harshly criticized this article, considering it unconstitutional.

Patrimonial Assets Ratio

Article 33 of the BCB Law increases banks Patrimonial Assets Ratio (relation between net patrimony and risk assets) from 8 to 10 percent. This measure attempts to increase banks patrimony by forcing them to capitalize.

The item was also criticized by Asoban and various economic analysts, warning that the measure will only force interest rates up while affecting banks credit capacity, which will only hurt customers.

The bill will again be sent to the Senate for a last revision and approval. The Senate is expected to discuss the latest amendments next week.

Subversives Claim Kidnapping; Government Says Claim False

PY0711114695 Buenos Aires TELAM in Spanish 1645 GMT 5 Nov 95

[FBIS Translated Text] La Paz, 5 Nov (TELAM-SNI) — The subversive groups Tupak Katari Guerrilla Army (EGTK) and the Nestor Paz Zamora Commission (CNPZ), two organizations that have been inactive since 1991, today claimed responsibility for the kidnapping of Samuel Doria Medina, a Bolivian entrepreneur and former planning minister.

The kidnapping occurred on 2 November, and today both organizations issued a "Manifesto to the Bolivian Nation," which was published by the Catholic newspaper PRESENCIA and was signed by an unknown Commander Gonzalo, demanding the freedom of their jailed accomplices in exchange for Doria Medina.

According to the communique, the entrepreneur is in good condition, and at the right time he will send a recorded message to his family, but he will remain a hostage as long as EGTK and CNPZ leaders and members remain in prison.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The document begins by stating: "The EGTK and CNPZ have decided to take action in order to obtain the freedom of our comrades in the struggle, who have been unjustly detained in La Paz public jails."

The publication stresses that Doria Medina is not in La Paz Department, as the security organizations claim, warning that any government attempt to liberate him would provoke his death, just as occurred with entrepreneur Jorge Lonsdale, who was kidnapped and killed by the CNPZ in 1990.

"It is not, and will not be, the last kidnapping. There will be many more, and not only of entrepreneurs, but also of political leaders and bankers," the document says, ending with the proclamation: "For the country's honor and the downfall of this corrupt government."

PRESENCIA asked Raquel Gutierrez, EGTK ideologist who has been in jail since 1992 together with 12 other members of the organization, to comment on the document. She rejected the document issued by the guerrilla groups.

"The EGTK has nothing to do with Samuel Doria's kidnapping because the group was destroyed in 1992. Besides, we do not have connections with anyone," the former guerrilla leader said, adding that "those of us who are in jail can confirm that we are not interested in hurting anyone because the path of violence has already been abandoned."

Gutierrez said the kidnapping had been organized by "groups of the official state security apparatus who fear being tried for the violation of rebel inmates' human rights."

A Ministry of Government spokesman said that he could not comment on "the origin or authenticity" of the document published by PRESENCIA, adding, however, that it will be incorporated into the investigation.

[La Paz Radio Cadena Nacional in Spanish at 2300 GMT on 6 November, in a report on the kidnapping and abovementioned claim of responsibility, notes: "The communication of the alleged terrorist groups that claimed responsibility for the kidnapping of Samuel Doria Medina is apparently totally false. The Ministry of Government issued a communique stating: 1) The intelligence community, after a preliminary evaluation of the so-called Manifesto to the Bolivian Nation claiming responsibility for the kidnapping of Samuel Doria Medina, has established that the document is not similar, in form or content, to the usual communiques issued by the criminal organizations mentioned in the manifesto. 2) The intelligence community considers that the manifesto simply seeks to instill uncertainty and fear in Doria Medina's family, in political and entrepreneurial circles, and among the population. 3) The Ministry of Government urges citizens to present such documents to the police as soon as possible in view of the possibility of future similar communications to different media sources. The Ministry of Government has thus pointed out that the alleged terrorist document on Samuel Doria Medina is false."]

Brazil

President Views Rabin's Death, Leaves For Buenos Aires

PY0611131295 Sao Paulo AGENCIA ESTADO in Portuguese 2324 GMT 5 Nov 95

[Report by Claudia Carneiro]

[FBIS Translated Excerpt] Brasilia, 5 Nov (AE) — Shortly before departing for Buenos Aires at 1900 today, President Fernando Henrique Cardoso said that the assassinated Israeli Prime Minister has become a "martyr of peace." Earlier, Cardoso publicly paid a tribute to the assassinated Israeli prime minister during the opening of the first meeting on Brazilian culture at the Claudio Santoro National Theater. According to Cardoso, Rabin's death on a day when he was attending a rally for peace has been "symbolic."

Speaking at the Brasilia Air Base, Cardoso added: "Rabin's assassination shows that if factions having different ideas are unable to coexist, if fundamentalism prevails, there will be no chance for either peace or democracy." Yet, Cardoso did not regard the assassination as a threat to peace in the Middle East. He said: "Rather than hurting the peace process, I believe this incident will reinforce the conviction that peace must be maintained."

Cardoso noted that during their meeting in New York two weeks ago Rabin had asked him to visit Israel. Cardoso said: "He proved to me that he was well informed about Brazil and that he was fully committed to promoting coexistence among groups that are fighting each other in the Middle East. At the National Theater, Cardoso complained about what he described as "intolerance." He said: "Unfortunately, we have to open this ceremony by paying tribute to someone who was assassinated precisely for believing that diversities must be respected and for being firmly committed to promoting a civilized coexistence based on peace." [passage omitted]

Increase of Electricity Rates Announced

PY0611210295 Rio de Janeiro Rede Globo Television in Portuguese 1515 GMT 3 Nov 95

[FBIS Translated Text] The government authorized an electricity rate increase and announced a new policy for

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

readjusting electricity rates. The higher the consumption of energy, the smaller the discount the consumer is entitled to.

Instead of increasing residential electricity rates, the government will reduce the discounts for them. The calculation will be different for each region of the country. Someone in Rio de Janeiro who is currently paying 7.68 reals [R] for his electricity bill will have to pay R10.05. The discount was reduced from 52 to 37 percent. A consumer who exceeds the consumption standard of his state will lose the right to any kind of discount. The same rule is valid for vacation or beach homes.

For non-residential consumers, such as commercial and industrial facilities, the readjustment will vary from 0 to 30 percent, except in northern Brazil, where it will be 30 percent. The readjustment in Sao Paulo could reach 24 percent.

Thirty electricity companies will put the new rates into effect as of next week. The rest of the companies will have to present efficiency improvement plans so that the readjustments they are entitled to can be calculated.

Government Issues Provisional Measure on Bank Mergers

PY0611202595 Sao Paulo AGENCIA ESTADO in Portuguese 1517 GMT 4 Nov 95

[Report by Soraya de Alencar]

[FBIS Translated Text] Brasilia, 4 Nov (AE) — The government has decided to speed up bank merger and incorporation processes and thus eliminate the risk of having to install more trusteeships at large banks. Through this provisional measure, which was issued by Planalto Palace early on 4 November, President Fernando Henrique Cardoso created the Program to Encourage the Reorganization and Strengthening of the National Financial System [Programa de Estimulo a Reestruturacao e ao Fortalecimento do Sistema Financeiro Nacional — PROER]. A resolution of the National Monetary Council (CMN), which was released by the Central Bank today, gave details of the program.

The government believes that following the Economico Bank trusteeship, the financial system would not be able to withstand the bankruptcy of another large bank without a credibility crisis. This is why the government swiftly issued this provisional measure which, initially, should have been issued at the end of November.

The government believes this provisional measure and the CMN resolution — in addition to solving the pending Economico Bank problem — will resolve the crisis that was causing a large number of withdrawals from another important bank. A Planalto Palace source said: "We have strengthened another bank." The source said the Central Bank has recently received concrete signals from groups interested in purchasing the Economico Bank. Although negotiations still have not yet started, the government believes a solution to the Bahia State Bank will be found.

The measures adopted by the government mean the PROER will not just ensure the liquidity and solvency of the financial system but will also protect the interests of account holders and investors. Central Bank sources said the Deposit Insurance [Seguro-Deposito] will guarantee current accounts of up to 20,000 reals, thus bringing stability to the financial system. The Deposit Insurance will go into force this month.

The PROER also contemplates a Central Bank special credit line to stimulate and help those banks interested in merging. An adviser of Central Bank President Gustavo Loyola said: "The interest rate on this credit line may be below current market levels." Central Bank financial help can be requested to cover losses resulting from the reorganization of an institution, re-dimensioning costs, and the overall restructuring of the institution.

The government also contemplates allocating resources resulting from the mandatory deposits retained at the Central Bank if banks want to finance the merging process in the market through the purchase of CDBs (Bank Deposit Certificates), for example. The fiscal incentive system of the PROER contemplates that if the purchasing bank has losses resulting from a merger or incorporation, this loss can be deducted, in installments, from the basis used to calculate the institution's income tax. The deduction, however, should not surpass 30 percent of the institution's net profit.

The new rules will only be valid for merger and incorporation processes conducted before 31 December 1996. The rules also contemplate that all proposals will be analyzed on a case by case basis. Economic team sources have said the rumors which state that the 10 largest national banks can merge into five "are entirely groundless."

Provisional Measure Rules Merging of Institutions

PY0611210495 Sao Paulo AGENCIA ESTADO in Portuguese 1232 GMT 6 Nov 95

["Text" of Provisional Measure 1179 "regulating bank mergers and establishing other provisions" and "setting forth measures for strengthening the national financial system, and other provisions"]

[FBIS Translated Text] The president of the Republic, by virtue of the powers bestowed upon him by Article

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

62 of the Constitution, herewith orders the enforcement of the following Provisional Measure, which will have legal binding power:

Article 1 — The Program for Promoting the Restructuring and Strengthening of the National Financial System, instituted by the National Monetary Council [CMN] for the purpose of assuring the system's liquidity and solvency, and of safeguarding the interest of deposit owners and investors, will be implemented through administrative, operational, and partnership restructuring procedures, with prior authorization from the Central Bank of Brazil.

Paragraph 1 — The program referred to in this Article also applies to institutions that are ruled by the special regulations provided for in Law No. 6024, dated 3 October 1974, and Decree-law No. 2321, dated 25 February 1987.

Paragraph 2 — The mechanism for protection of financial institutions' creditors instituted by the CMN is part of the program referred to in this Article.

Article 2 — In the case of incorporation, the following taxation policy shall apply to the institutions that participate in the program refered to in the previous Article:

I. — The institution that will be incorporated should register as losses the credits that are difficult to recover, with due observance of the rules established by the CMN;

II. — For the acquisition of the investment, incorporated institutions may add a fee on the difference between the purchasing price and the value of the assets of the acquired partnership;

III. — The losses referred to in Section I should be added to the institution's net profit, in order to calculate the real profit and the basis for calculation of the social contribution on the net profits;

IV. — After the incorporation, the fee referred to in Section II — which was entered into the accounting records — may be amortized, with due observance of the terms of Section V;

V. — For calculation of the net profits, the summation of the amortized fee and the compensated value of overtaxation [prejuizos fiscais] of previous base periods may not exceed, in each base period, 30 percent of net profits, adjusted by the summations and deductions provided for in applicable laws;

VI. — The value of the amortized fee should be added to the net profit, for the purpose of estimating the basis for calculation of the social contribution on the net profits.

Paragraph 1 — The terms of this Article will apply only to mergers implemented until 31 December 1996, with due respect for the rule whereby merging institutions should join the entity managing the mechanism that protects creditors, referred to in paragraph 2 of Article 1.

Paragraph 2 — The executive branch shall regulate the terms of this Article.

Article 3 — The partnership restructurings prompted by incorporation, merging, or division processes implemented within the program referred to in Article 1 shall not apply to the terms of Articles 23 and 254, paragraph 1, of Law No. 6404, dated 15 December 1976.

Article 4 — This Provisional Measure shall come into force on the date of its publication.

[Dated] Brasilia, 3 November 1995

[Signed] Fernando Henrique Cardoso; Finance Minister Pedro Malan

Four Petrochemical Firms To Privatize in 1995

96SM0011B Sao Paulo GAZETA MERCANTIL in Portuguese 18 Oct 95 p B5

[Article by Claudia Safatle: "Petrochemical Sector Will Have Only Four More Privatizations in 1995"]

[FBIS Translated Text] Brasilia—Only four petrochemical firms have a definite date for privatization between now and the end of the year. The National Privatization Council decided during a meeting at Planalto Palace yesterday that this coming 21 November would be the date on which auctions would be held for Nitrocarbono, Pronor, and the CBP (Brazilian Polyurethane Company), all of which belong to Petroquisa [Petrobras Chemical Corporation] and the Bahia Petrochemical Company (of the Mariani group). And the auction to sell Deten Chemicals, Inc. was scheduled for 14 December, thus completing this year's privatization timetable for the petrochemical sector.

To complete the transfer of the entire petrochemical industry to private enterprise, it remains to privatize Metanor, Copol, and Polibrasil. The two last-named firms have ties with the Polypropylene firm and must await disposition of the assets of bankrupt Cevekol before being put up for auction, and that cannot happen before next year.

According to a report by Elena Landau, director of the BNDES [National Bank for Economic and Social Development], the council discussed the progress of operations for selling Light [Power Services, Inc.] and the Federal Railroad Network [RFFSA]. The government

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

will plead extreme urgency in seeking approval by the National Congress of the bill for breaking up Light so the firm can be privatized by the end of the year. It is also counting on the possibility of implementing the leasing of two sections of the RFFSA (Bauro-Corumba and the Eastern section) before the end of this fiscal year.

At yesterday's meeting, Minister of Mines and Energy Raimundo Berito presented a rough draft of a bill to establish the body that will handle the restructuring of the electric industry. In effect, it will be a reorganized DNAEE (National Water and Electric Power Department), which will become an independent body, "strong and capable of fitting in with the new phase of privatization in that sector," Landau said. Another meeting will be held, probably this week, to discuss that bill, which involves the Ministry of Administration and State Reform because new career positions will have to be created. The body in question will oversee the quality of the services provided by concessionaires, their rates, and other aspects of the electric industry.

Landau also said that the council had evaluated the progress of the privatization process—but did not say whether it had concluded that the program was behind schedule—and that a report had been presented on work under way in connection with privatization of the Rio Doce Valley Company.

Privatization of Light Delayed

96SM0011C Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Oct 95 p 17

[Article: "Light Will Not Be Sold This Year"]

[FBIS Translated Text] The privatization of Light [Power Services, Inc.] has been set for 1996. According to the most optimistic timetable, the bill to break up the company—that bill is now being considered by the Chamber of Deputies on a basis of extreme urgency—will be approved by the end of the week. But besides the deputies, the bill also requires an OK from the senators, and in the Senate, the urgent procedure used in the Chamber of Deputies does not exist, meaning that the bill will have to be approved by the committees.

Regardless of how much political will there may be, that shuttling back and forth means that there is no chance of the bill's being approved before the end of November. Once that stage is over—let us assume that the Senate will pass the bill on 30 November—President Fernando Henrique will have to sign it. And only after that will the firm's board of directors be able to call a general shareholders meeting to ratify the breakup. According to this timetable, that would happen around 10 December. Once that stage is over, the announcement of the sale will be published, after which the legal deadline for holding the auction is 45 days later. That means 26 January at the earliest.

Even with those delays, Light's management and the experts at the PND [National Privatization Program] have scheduled a technical presentation of the firm to future purchasers for the 31st.

It is for them that an alarm has sounded over the past few days. The National Water and Electric Power Department has amended the concession contract to limit parallel activities by anyone who purchases the company. And establishment of the rate policy is still an unknown quantity. Another unresolved matter is the way in which Eletrobras [Brazilian Electric Power Company, Inc.] is going to be paid for the sale of Light. Whether in cash or in national treasury notes for privatization (NTN-P's), definitely a bad deal for the government-owned firm.

Chile

Accord To Promote, Protect Investments Reached With UK

PY0411021195 Santiago EL MERCURIO in Spanish 2 Nov 95 p A1

[FBIS Translated Excerpt] Yesterday the Chilean and British governments reached an agreement to promote and reciprocally protect investments. It is hoped that as a result of this agreement, the flow of British capital to Chile will increase.

This information was given to EL MERCURIO by Chilean Foreign Minister Jose Miguel Insulza, who is paying a two-day official visit to London.

The minister also mentioned the British Government's support for a possible Chilean partnership with the EU, a bloc with which Chile will start to negotiate a political and economic agreement to establish the bases for the new Chilean-EU relationship. [passage omitted]

Yesterday Insulza started his official activities in London. One of the meetings he held was with Malcolm Rifkind, British secretary of state for foreign and Commonwealth affairs, with whom he reached an agreement to promote bilateral cooperation in the drug enforcement field and to protect Chilean investments in Great Britain and vice versa.

The United Kingdom is the largest individual European investor in Chile, with an authorized and registered investment of $600 million in addition to promised capital amounting to $500 million.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

British capital in Chile is invested in the services, mining, agroindustry, manufactured goods, and chemistry fields.

Hernan Errazuriz, Chilean ambassador to London, explained that despite the significant flow of British investments to Chile, only now have the two countries established a legal framework that may encourage and grant greater guarantees to British capital because complex negotiations had to be carried out.

During a telephone conversation with EL MERCURIO yesterday, Insulza said that he and his British counterpart had "initialed" the aforementioned agreement, because they had both written their initials on the texts which, before being signed, must be translated into both languages, according to international protocol. [passage omitted]

In the afternoon, Insulza spoke before the Royal Institute for International Affairs, or Chatam House, a prestigious organization founded more than 75 years ago wherein international policies are discussed at the highest level. [passage omitted]

Upon referring to the Chilean commercial policy, Insulza said that the export sector has been the driving force of the country's economic development. He disclosed figures to show how this activity has grown and explained what the open regionalism policy promoted by Chile consists of.

Regarding Mercosur [Common Market of the South], he said that it has a commercial and geopolitical importance for Chile but that, for the time being, Chile cannot join this customs union. He said that this is why an agreement to create a free trade zone based on the four plus one formula is being negotiated. This agreement would allow Chile to maintain its policy for a commercial opening and rapprochement with other organizations.

He said that Chile wants to establish agreements with Mercosur that go beyond the merely commercial aspects by creating great bioceanic corridors. [passage omitted]

Regarding the EU, Insulza said that it is the most important regional market for Chilean exports, the second most important investor in Chile, and, by far, the main source of international cooperation, as well as one of the most important political partners.

In addition to mentioning the EU decision to respect the uniqueness of the Chilean model in its rapprochement with Latin America, Insulza said that his government is very pleased with this progress and hopes to reach a political and economic partnership agreement with this bloc that will lead to the full liberalization of bilateral trade.

He said that Chile is now awaiting the approval of the negotiation guidelines that the European Commission must submit to the Council.

In addition to referring to the importance Chile grants the Asia-Pacific region, Insulza referred to the progress made so far regarding trade agreements with Mexico, Colombia, Ecuador, Venezuela, and Bolivia. [passage omitted]

President Orders Day of Mourning To Honor Rabin

PY0611154195 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 6 Nov 95

[FBIS Translated Excerpt] President Eduardo Frei ordered an official day of mourning following the death of Israeli Prime Minister Yitzhaq Rabin. The Israeli ambassador said he was ashamed that Rabin was murdered by a Jew.

[Begin recording] [Unidentified reporter] Just before leaving for Buenos Aires, President Frei said Rabin was a man of peace who was making an effort for the success of the historic peace process.

[Frei] Tomorrow, the day of Rabin's funeral, will be an official day of mourning as a sign of respect for his memory.

[Reporter] There were signs of grief in the Israeli Embassy in Santiago. Security measures were strengthened around the embassy while several national political leaders came to the embassy. [passage omitted] [end recording]

President Appoints New Aviation Under Secretary

PY0611210195 Santiago EL MERCURIO in Spanish 3 Nov 95 p C5

[FBIS Translated Excerpt] President Eduardo Frei has appointed Angel Flisfisch new aviation under secretary to replace Mario Fernandez Baeza, who resigned to become director of LA EPOCA. Up to now, Flisfisch was director of the Public Security and Information Directorate.

The name of the person who will replace Flisfisch has not been mentioned yet. [passage omitted]

Flisfisch (PPD [Popular Democratic Party]), in addition to being public security and information director, was secretary of the Inter-Ministry Political Committee, headquartered in La Moneda. [passage omitted]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Government To Grant Salary Increase to Armed Forces

PY0611132395 Madrid EFE in Spanish 1520 GMT 3 Nov 95

[FBIS Translated Text] Santiago, 3 Nov (EFE) — Government and congressional sources confirmed today that the administration of President Eduardo Frei will increase the salaries of the members of the Armed Forces by 14.5 percent, which is a few points higher than the salary increase to be granted to civilian government employees.

The bill that was submitted by the government to Congress yesterday will be debated on 7 November, but the same sources said there is no doubt the bill will be approved.

The government decision to increase the salaries of the Armed Forces by that percentage has the purpose of recovering the buying power of salaries that was lost from 1985 to 1990, which were the last years of the military regime, when the salary increase was below the cost of living increase.

The government measure is also aimed at stopping the desertion of military specialists, mainly in the Air Force and Navy, who are tempted by better salaries in private companies.

The 14.5 percent salary increase is based on the fact that the inflation rate expected for 1996 is 6.5 percent; therefore, the real salary increase for the military will be 8 percent. Senator Sebastian Pineira of the conservative National Renewal said the percentage is "just, convenient, and timely."

The salary increase proposal for the Armed Forces has been harshly criticized by the unions of public employees, which are negotiating their own salary increase, an increase that is not expected to exceed 10 percent.

The unions, which gather about 300,000 workers, have threatened to stage mobilizations and strikes if their salary increase is below the percentage granted to the Armed Forces.

Some political observers and media sources are linking the salary increase for the Armed Forces with the negotiations the Frei administration is conducting to realize the imprisonment of retired General Manuel Contreras, so that he may serve his seven-year sentence for involvement in the murder of ex-Foreign Minister Orlando Letelier.

President Frei categorically rejected that allegation by saying that the separation of powers prevails in Chile, and that the court decisions are autonomous and their enforcement mandatory.

Construction of Two Pipelines From Argentina Authorized

PY0611132195 Buenos Aires TELAM in Spanish 1537 GMT 27 Oct 95

[FBIS Translated Text] Santiago, 27 Oct (TELAM-SEM) — Today the Chilean Government authorized the construction of two gigantic gas pipelines that will transport some 5 million cubic meters of gas from Argentina to Chile every day. About 60 percent of the population will benefit with this project.

Today the Economy Ministry granted the concession to the consortiums Gas Andes and Transgas, which will make separate investments totaling more than $2.5 billion during the coming decades.

According to the consortiums' managers, the profit of these enterprises, considering a profitability margin of 10-15 percent, will amount to several thousands of millions of dollars during the first years.

The cost of energy in Chile will drop considerably as a result of these capitalizations. It is estimated that the cost of electricity alone will drop by more than 10 percent, which will, in turn, cause the GDP to increase by several points.

Gas Andes, which initially will invest some $285 million, will build a duct that will transport gas from La Mora, in Mendoza, to Santiago and Valparaiso to supply some 6.5 million potential consumers.

Construction of this gas pipeline, which will be approximately 500 km long and cross the Andes mountain range, will start in November, and it is estimated will it will be completed by 30 April 1997.

Transgas, headed by the U.S. multinational company Tenneco Gas and British Petroleum of the United Kingdom, will build a pipeline 798.5 km in length, of which 505 km will be in Chilean territory, where it will have another five branches totaling some 322 km.

The project, which will represent a profit of $2 billion to Transgas during the first five years, will start in the Loma de la Lata deposit in Neuquen Province, Argentina, and will enter Chile through Concepcion, in the south.

From Concepcion, with almost two million inhabitants, the gas will be transported to Santiago. It is estimated that the duct will become operational in September 1997.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

This pipeline is expected to transport between 45 and 70 billion cubic meters of gas to Chile during the next 25 years.

President Negotiates Human Rights Proposal

PY0711024095 Santiago Universidad Catolica Televisior Internacional in Spanish 0000 GMT 4 Nov 95

[Speakers identified by screen caption]

[FBIS Translated Text] [Anchorman] Next week the Senate's Constitution, Legislation, and Justice Committee will decide whether or not to approve the modified human rights draft bill. The Senate committee is headed by Senator Miguel Otero, author of the draft bill, whose contents we now disclose with the following report by Monica Cerda:

[Begin recording] [Monica Cerda] The National Renewal Party [RN] will undergo a real test next week when the Senate's Constitution, Legislation, and Justice Committee decides whether or not to approve the new human rights bill. This bill, which seeks to expedite trials of military personnel charged with violating human rights, as well as to determine the whereabouts of the arrested-missing, includes some 1,000 violations that took place between 11 September 1973 and 10 March 1978 and can be enforced against those responsible for perpetrating the mentioned crimes. The people involved in these cases will not be indicted or arrested; their testimony will be kept secret, and they will testify at a site agreed upon with the judge. The identity of the people summoned to testify will be kept secret, and once the proceedings have been completed, their testimony will be destroyed. Should the remains of any victim be found, the victim's next of kin will be informed so that the remains may be disinterred and buried. Should any proceedings be carried out in military barracks, they will be conducted by a civilian judge who belongs to a martial court. The cases that were temporarily closed may only be reopened at the request of the closest relatives, provided they submit new information that justifies reopening the case. People may go to the court to disclose information that will be kept secret. This information will be sent to the court that was hearing the pertinent case and will only be used to locate the victim's remains, and not to try those who appear responsible for the crime. Finally, the judge will make a decision and apply the Amnesty Law if it is determined that a crime was committed during the period covered by this law.

Senator Miguel Otero this afternoon gave information on details of the bill to the members of the RN political commission, summoned for a special meeting.

[RN Senator Miguel Otero] I believe neither group will be fully satisfied with this proposal. I believe that what we must now stress is that on the basis of what we have available today, this agreement represents significant progress toward achieving national reconciliation.

[Cerda] Not even the top-ranking [words indistinct] RN representative completely rejected this agreement:

[RN leader Sergio Onofro Jarpa] I support what Otero has done and acknowledge the great effort he has made.

[Unidentified reporter] The final result as well?

[Jarpa] We will attest to the results when the law is promulgated.

[Cerda] Moreover, Otero's proposal will have to overcome the reticence expressed by both the Socialist Party [PS] and the UDI [Independent Democratic Union].

[UDI Senator Hernan Larrain] The UDI will not approve any human rights and reconciliation bill that does not fulfill at least the following two objectives: 1) Ensuring the correct enforcement of the Amensty Law; and 2) allowing, under the proper conditions, a definitive acquittal in cases that involve the disappearance of detainees. [end recording]

[Anchorman] In addition, President Frei has held exhaustive meetings with CPPD [Coalition of Parties for Democracy] leaders to achieve an agreement that will definitively resolve pending human rights problems.

[Begin recording] [Reporter Monica Cerda] For the administration, it is imperative to find a definitive agreement over the human rights issue, and it is part of President Frei's government program. Although the bill that the president submitted to Congress in August has been amended, the administration is willing to submit a proposal encompassing the results of numerous negotiations and proposals drafted by both the CPPD and the opposition.

Today, Frei discussed the issue with several CPPD leaders, beginning with PDC [Christian Democratic Party] President Alejandro Foxley.

[Foxley] President Frei invited me to his house to tell me that he believes the Frei proposal, which has been improved by the RN in several areas, has ripened to such an extent that it leads us to believe that an agreement is imminent.

[Cerda] Moreover, PPD [Party for Democracy] President [Jorge Schaulsohn] also held a meeting with the president, and at the end of it, he requested full support for the president's negotiations.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Meanwhile, the PS will decide whether or not to support the president's proposal during a party meeting.

[PS President Camilo Escalona] There are some issues that will be studied by our legal experts. The basic issue is that the trials continue to be handled by the military courts. This is an important matter for us, and it is a pending obstacle.

[Cerda] President Frei believes that as his administration has addressed this crucial issue with full responsibility, he hopes that this time around, political groups will do the same.

[President Eduardo Frei, in progress] ...disagreements are useless. Today, we are facing a great challenge: We must achieve an agreement. [applause] The country needs this. [applause] [end recording]

[Anchorman] Established three years ago, the National Reparation and Reconciliation Board is making a last effort.

[Begin recording] [Unidentified reporter] The National Reparation and Reconciliation Board continues to study a total of 1,039 cases involving the disappearance of detainees.

The board, which was established three years ago, will cease to exist on 31 December. In view of this, it has disseminated an appeal through the media in which it urges all Chileans who may have any information in this regard to help the board in its search.

[Board Chairman Luis Enrique Gonzalez Poblete, in progress] ...we have lacked all the information required to conduct this search. In view of this, we are making a final effort.

[Reporter] The information can be delivered directly to the National Reparation and Reconciliation Board offices at 31 Vicuna Mackenna Avenue, or via mail to P.O. Box 50,731, Main Post Office, Santiago.

The other option is to phone 800-204030.

[Gonzalez Poblete] It is too early to ascertain whether this appeal will yield successful results. So far we have received few calls, but we have just issued the appeal.

[Reporter] Those who may supply information must be aware that the law guarantees the full secrecy of their identities. [end recording]

Party Leader Calls For Agreement on Human Rights Issue

PY0611132495 Santiago EL MERCURIO in Spanish 2 Nov 95 p A1

[FBIS Translated Excerpt] Andres Allamand, chairman of the National Renewal Party [RN], yesterday gave the government an ultimatum by flatly stating that "without an agreement over the human rights issue, there will be no constitutional reform."

Thus did the RN leader — who faces a strong opposition within his party as a result of the negotiations that seek agreement on a new package of constitutional reforms — refer to the criticisms by the Socialist Party [PS] regarding the agreement being reached by the RN with the government on human rights.

The text was rejected by PS Chairman Camilo Escalona who, in turn, is upset by the decision of the Christian Democratic Party and the Party for Democracy [PPD] to exclude him from the meetings being held with RN.

Allamand's ultimatum may spoil the panorama and the possibilities of a consensus on the human rights issue as well as the constitutional reforms, taking into account the fact that Jorge Schaulsohn, coordinator of the Coalition of Parties for Democracy [CPPD] and PPD chairman, said yesterday that there would be no agreement with the RN without the participation of the PS.

Yesterday the Socialists also said that tying the human rights subject to the constitutional amendments was "a great mistake," and Jaime Estevez, Socialist deputy and chairman of the Chamber of Deputies, emphatically stated that an agreement between the government and RN on the pending human rights violation cases "will solve nothing."

Estevez said: "Most victims are leftists, and we are not going to accept an agreement that does not include the people who were affected.... We have clearly rejected an agreement that implies a new amnesty or the expansion or ratification of the Amnesty Law. I did not agree at the beginning when the CPPD linked the two issues because it is a mistake to propose an exchange regarding such delicate issues."

The PS opposition to a new agreement between the government and RN basically refers to the project currently being drafted that allegedly provides for a sort of definite filing of the cases without establishing the truth. [passage omitted]

Foreign Minister Views NAFTA, Investment Protection Accord

PY0411011895 Madrid EFE in Spanish 1409 GMT 1 Nov 95

[FBIS Translated Text] London, 1 Nov (EFE) — Chilean Foreign Minister Jose Miguel Insulza said today in London that "there is little hope" the negotiations to join the NAFTA will conclude before next spring.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Insulza, who began today a two-day official visit to London, said the main reason the negotiations have not continued is because no U.S. official has yet been appointed to be in charge of the "fast track" [preceeding two words in English] to negotiate the entry into NAFTA.

Insulza said in case an official is finally appointed in the next few months, the negotiations will continue during the U.S. electoral process, to have the Chilean entry into the NAFTA approved in 1997.

Insulza also said the negotiations are "linked but not conditioned" to the negotiations being held with the Mercosur [Common Market of the South]. The fifth round of negotiations with the Mercosur will begin on 6 November.

Insulza said that "we hope to reach an agreement with the Mercosur very soon" but "I would not bet" this will happen before the end of this year, as predicted by some Mercosur members.

Insulza, who is making a visit of an economic nature, expressed satisfaction today over the agreement with Great Britain for the protection of investments in Chile.

He said the agreement protects investments from expropriation and political risks, gives foreign investments the same treatment as national investments, and authorizes the immediate repatriation of capital, in a manner similar to accords already signed with France, Spain, Italy, and Belgium.

Insulza added that "for us this is also an instrumental agreement" to protect Chilean investments abroad, which have been growing in the last three years, surpassing $5 billion, two-thirds of which are in the Mercosur countries.

Insulza will also sign an agreement on drug enforcement and money laundering through the exchange of information.

He said that Chile is a "transit country" in the drug-trafficking market and that drug consumption is not yet very extensive; therefore, the government's main concern is money laundering.

Another objective of Insulza's visit to London is to obtain Briush support for the Chilean candidacy to become the nonpermanent member of the UN Security Council in the 8 November voting.

Insulza said he is "certain" Chile will get the designation because "we have the support of the Latin American and Caribbean countries as their single candidate."

Regarding domestic policy, Insulza said he is sure the Coalition of Parties for Democracy will continue until the next elections. He said the government priorities are the reduction of the differences between the rich and the poor, the modernization program, and the reconciliation process.

He added: "We will not abolish the Amnesty Law or have a new amnesty law."

During his visit to London, Insulza will also meet with Deputy Prime Minister Michael Heseltine, who is also a former secretary of state for trade and industry, and with his counterpart Malcolm Rifkind.

Insulza will also meet with Ian Lang, secretary of state for trade and industry, and lecture on "Chile: Policies for the New Times" at the Royal Institute of Foreign Affairs before attending a luncheon in his honor given by the British-Chilean Chamber of Commerce.

Insulza will leave for Dublin on 2 November to discuss bilateral matters with representatives of the Irish government before returning to Chile.

Correction to Peruvian Daily Interviews Frei on Bilateral Ties

PY0211174995

The following correction pertains to the item headlined "Peruvian Daily Interviews Frei on Bilateral Ties," published in the 1 November Latin America DAILY REPORT, pages 24-26:

Page 25, column one, last paragraph, fifth sentence make read: ...with GDP's under $100 or $200 billion, with difficulties in placing our manufactured products... (correcting "million" to "billion" and rewording)

Correction to Uncertainty Surrounding Reconciliation Viewed

PY3110164095

The following correction pertains to the item headlined "Daily Views Uncertainty Surrounding Possible Reconciliation," published in the 31 October Latin America DAILY REPORT, pages 30-31:

Page 30, column one, second paragraph, first sentence make read: ...Reconciliation through three bills, two of which... (changing word "projects" to "bills");

Page 30, column two, first full paragraph, first sentence make read; ...Nevertheless, the bills are underway and... (changing wird "projects" to "bills"); and

Page 30, column two, third full paragraph, third sentence make read: ...that the three bills be approved. The... (changing word "projects" to "bills")

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Colombia

Dynamite Blast in Barranquilla Kills 1, Injures 4

PA0711045095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0404 GMT 7 Nov 95

[Report by reporter Rodolfo Mejia from Barranquilla]

[FBIS Translated Text] Four persons were injured by a bomb blast this evening in the city of Barranquilla. An alleged guerrilla who planned to stage some sort of terrorist act in that city was carrying the bomb, authorities have reported.

The incident occurred tonight on the highway to the Ernesto Cortizo Airport in front of the Soledad Municipality cemetery in the metropolitan area of Barranquilla.

Authorities found a personal identification card with the name of Angel Maria Mengo, apparently the person carrying the dynamite that exploded while on the highway en route to the airport. The person was totally destroyed by the explosion. Four other persons were injured and were identified as Virgilio Saravia, 31; Jose Zapata Perez, 27; Edile Yepez Contreras, a girl approximately 18 years old; and Emilse Pacheco Sanchez.

According to authorities, the latter was accompanying the person killed in the explosion of dynamite he was carrying at about 7 PM near the Soledad Municipality cemetery. This was reported by Police Commander Major Javier Pacheco.

[Begin Pacheco recording] Apparently the person accompanying the person with the bomb was very near him, because she was badly injured, as if she had been in direct contact. [end recording]

Regarding the state of health of Emilse Pacheco Sanchez, it was learned the girl is in serious condition in the Soledad Municipality hospital.

Officials Arrest Suspect in Murder of Politician

PA0611142195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 6 Nov 95

[Report by Oscar Galvis from the "AM/PM Newscast"]

[FBIS Translated Text] The Administrative Department of Security (DAS) at 1500 today arrested a man believed to be involved in the murder of Alvaro Gomez Hurtado. The arrest took place with leads provided by a citizen and composite sketches supplied by witnesses. The DAS is withholding the identity of the suspect. The person taken into custody was placed under the orders of the Prosecutor General's Office. The DAS provided this information through a communique.

Government To Retain Military Leadership in 1996

PA0411130795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 4 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The government wants to maintain the same military leadership for next year. End-of-the-year changes in the Armed Forces were thus overcome.

All military forces commanders from the Army, Navy, Air Force, and Police were reinstated in their posts, except for General Eddy Pallares Cotes, head of the Joint Chiefs of Staff, who was retired.

[Begin Pallares recording] The government's decision to retire me from the military leadership means the government is exercising its right to choose its collaborators in the high-level military command. [end recording]

One of the officers, who people thought would be one of the ones who would be retired, Gen. Harold Bedoya, commander of the Army, because of speculations of his not very good relations with the president, remained firm in his post.

[Begin Bedoya recording] I believe the president has always had the normal relations between an army commander and the president. [end record]

The government's decision, however, has other implications. The fact that Gen. Ramon Eduardo Niebles was promoted to major general and appointed new head of the Joint Chiefs of Staff, forces the retirement of Generals Juan Salcedo Lora and Hernando Correa Castaneda.

Prosecutor General To Close Inquiry on Process 8,000

PA0711025495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 6 Nov 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso today said that despite the attempts by pettifoggers to extend the Process 8,000 that office will close the investigations this year.

The Process 8,000 that investigates the alleged participation of drug traffickers' money in the presidential campaigns will be closed this year. Valdivieso said that despite the attempts by various lawyers, people involved in the process, and detainees who have filed various complaints the investigation will be carried out within the legal time frame.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Begin Valdivieso recording] We are currently gathering evidence and of course the decision adopted after this stage is over will be to close the investigation and the corresponding [word indistinct] [end recording]

There are 58 people involved in the Process 8,000. The majority of cases are still pending.

Justice Minister Explains Government Limitations

PA0411162095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 2 Nov 95

[Telephone interview with Justice Minister Nestor Humberto Martinez Neira by unidentified reporters in Santa Fe de Bogota; from the "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [First reporter] During a debate Congress held on 1 November, the justice minister said that the government power is that of a eunuch. Let us remind the country what a eunuch is. Mr. Justice Minister, good morning.

[Martinez] Thank you, Edgar. Yesterday, on occasion of a debate held by the First Commission, we had the opportunity to make certain statements from the standpoint of the state theory in order to show how our own democratic and political system has fallen into an institutional trap, following the 1991 Constitution. I have said — contrary to what certain dailies have reported that the government is a eunuch — that if there is some presidential government left, that presidential government is a eunuch. I said it in these terms to be sufficiently clear and to show what is happening from the standpoint of the Colombian state mandate.

[First reporter] Is being a eunuch being impotent?

[Martinez] Yes. The thing is that the president of the republic is elected through the people's power with the object of carrying out a political plan in public squares and academic centers. However, when the plan reaches the government, it does not have the adequate instruments or authority to develop precisely the government's programmed activities. Regarding economic matters, for instance, the government currently controls only the public spending variable. It controls it not to spend, but to not spend, because this is what the orthodox economic discipline indicates through other autonomous state bodies. In public services matters, the president does not set the public services rates they are set from the inside, not through political prices. Other autonomous bodies that have been entrenched in the state itself set the rates. The law and order management, which is an issue that, by essence, is handled by the head of the state, is now beginning to lose ground starting from the new concepts that, following the development of the 1991 Constitution, have been defined as matters linked to the state of internal disturbance. This ultimately means that it is getting harder by the day to govern the country given these institutional circumstances [words indistinct] falling into a trap, because democracy is being deligitimized and deteriorated. The government is asked to have justice; however, the government does not administer justice. The government is demanded to have macroeconomic stability; however, the public spending variable handles this stability. The government is demanded to have public services; however, other bodies control them. The government is demanded to have education, health, and others, and it is transferring 45 percent of its resources to the municipalities it does not govern or rule either.

[Second reporter] However, Mr. Minister, since it is obvious that your proposal is not to return to a presidential and an all-embracing power, because a democrat always has to be thinking about controls, where will the limit and the boundary in which we would have to be stopped to ensure that not only the president, but also the controlling organizations would have enough authority to control the executive branch's actions lie?

[Martinez] No, the important thing in a democratic system is that it is a system of checks and balances. It has been said since the French Revolution that there is the need for a branch to control the other branch. The critical situation in these circumstances is not that there is no control; the control does exist. The problem is that there are no instruments and authorities to handle the socioeconomic development and to control law and order if the instruments and the mechanism through which the president has always guaranteed law and order and civic calmness and through which he has always managed the economy and development are being downplayed by the day.

[First reporter] Dr. Martinez, during the debate the First Commission of the Senate held yesterday, the Constitutional Court [CC] did not fare well. For instance, Senator Guillermo Giraldo said that the CC decision has triggered an institutional confusion as it is interfering in an area that does not correspond to it. In addition, while the magistrates believe that it is indecorous to be in Congress, they anonymously make statements to the media. What is your opinion on what Dr. Giraldo said?

[Martinez] I would say that he was not trying to give an opinion or anything else on the CC, among other things, because it is clear that the CC rulings are obeyed and that their validity is not questioned. Of course, in this political scenario, as is the case in all democracies, the political effects of the CC rulings must be judged. This is happening in the United States, where there is the possibility of adding amendments through a mechanism

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

called the amending power [previous two words heard in English] to ensure that, precisely when the court rulings fail to match the political and social reality, the Congress of the republic, the U.S. Congress will modify and amend these rulings. This is something that has happened only four times in 200 years. It also happens in Spain; it happens in all Congress bodies. So, we were dealing with the political implications of all these rulings, and, regarding the government case, we have said that, due to these consequences, the presidential power has being weakening even more in Colombia.

Rebel Threatens To Counter Venezuelan Incursions

PA0411203195 Madrid EFE in Spanish 1413 GMT 2 Nov 95

[FBIS Translated Excerpt] Bogota, 2 Nov (EFE) — It was reported today, Thursday, that a Colombian guerrilla leader has warned the Venezuelan Armed Forces that the guerrillas will respond if there are any new Venezuelan incursions into Colombian territory.

Luis Carlos Guerrero, a representative of the Army of National Liberation (ELN), issued the warning over the CMI television program from San Jose, Costa Rica, where he is attending a Peace Week event.

Guerrero said: "If the Venezuelan Armed Forces enter Colombian territory, as they have been doing over and over, our military units have the responsibility of repelling these attacks."

The ELN operates along several sections of the 2,219-km long Colombian-Venezuelan border, and on some occasions it has entered Venezuelan territory and has attacked Venezuelan soldiers. [passage omitted]

Guerrero is attending the Peace Week event in Costa Rica along with fellow guerrilla Marco Leon Calarca of the Revolutionary Armed Forces of Colombia, FARC.

Poll: International Relations Not Well Managed

PA0511152295 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 3 Nov 95

[From the "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] According to the results of the Caracol's daily poll, in which 1,026 citizens participated, our country's international relations are not being well managed. Fifty-six percent of those polled said that the international relations management is bad, 32 percent said the management is regular, and 12 percent said it is good. Those who were polled made several comments as a result of the latest events involving Venezuela and the United States.

Ecuador

Congress President Warns About Possible 'Majority Reaction'

PY0711114495 Madrid EFE in Spanish 1841 GMT 4 Nov 95

[FBIS Translated Text] Quito, 4 Nov (EFE) — Ecuadoran Congress President Fabian Alarcon today warned about a possible "majority reaction" to the current situation of political and economic crisis the country is experiencing, which forces Congress to take action to maintain "tranquillity" in the country.

Alarcon told the press: "The current situation in the country is filled with tension and concerns, and so the people's reaction to events that have disrupted their tranquillity is unpredictable."

This situation "forces the legislative branch to take action so as to restore the people's peace and tranquillity," Alarcon said in remarks published today by the newspaper EL EXPRESO.

He added that Ecuador faced a war with Peru at the beginning of the year; a political crisis that led to the escape from the country of former Vice President Alberto Dahik, accused of corruption; and an "economic and energy crisis that adversely affects national production, with an incalculable loss" due to the cut in electricity supply for up to eight hours daily, a situation that has been occurring for more than three months.

Alarcon was particularly critical of the energy crisis, stating that "the same thing that happened with the discretionary funds is happening with the Paute Hydroelectric Dam — something is being concealed," referring to the hydroelectric dam that, prior to a lengthy drought, was providing more than 60 percent of the country's electrical energy.

For this reason, he said that on 6 November Congress will organize a committee to investigate the real situation of the Paute Hydroelectric Dam. He said this committee "will be comprised of representatives from many parties, and will try to establish the investments that have been made and determine why there is the continuous problem of drought."

Beginning next Monday the national Congress will discuss the electrification bill that must rule this area and that will function as a framework for its possible opening to private investment.

Updates on Banking, Energy, Border Trade

96P20080

[FBIS Media Note] Bank Expansion — Growth in the last two years of Ecuador's financial system has been

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

"spectacular," says the Quito daily HOY of 24 October. The number of financial institutions and services has increased, the paper says, with some banks growing into "major national enterprises." Certain banks have such a concentration of capital, HOY reports, that they have expanded overseas. The Bank of Pichincha and the Banco Popular have acquired majority stock shares in Peru's Financiero Bank and Colombia's Andino Bank, with a view to converting these institutions into specialized regional banks.

Losses Due To Energy Crisis — Ecuador's electricity rationings have led to a "horrifying" economic recession, according to Gustavo Pinto, president of the Pichincha Chamber of Manufacturers. With a 40 percent decline in production and consumption, it will be a "miracle" if the country's GDP grows to 2 percent, rather than the needed 5 percent, Pinto told the Quito daily HOY of 31 October. Pinto estimates that business losses fluctuate between $5 and $6 million a day. Exporters have not been able to fill their contacts, businessmen are not planning nor investing, and many companies have gone "broke." Pinto called private investment to implement the Daule Peripa, San Francisco, and Toachi-Pilaton hydroelectric projects llimperative." He also urged the government to expedite negotiations with BBP Ranch to permit the utilization of gas from the Gulf of Guayaquil. Meanwhile, the president of the Chamber of Small Industry contends that small and medium indusdy is affected most and is least capable of dealing with energy crisis. Manuel Nieto told Quito EL COMERCIO of 24 October: "Added to the losses suffered by big industry and other sectors such as tourism, trade, and construction, total losses to the country from the energy crises approximate the cost of the conflict with Peru, maybe more."

Border Trade With Peru — Cross-border trade in the towns of Huaquillas, El Oro Province and Macara, Loja Province remains very restricted, due mainly to the high taxes imposed by Peruvian authorities, according to the Guayaquil daily EL UNIVERSO of 25 October. Peruvian merchants who enter Ecuador to buy oil, flour and beans are subject to a 3O percent tax by customs police on their return, the newspaper reports, adding that Ecuadorans entering Peru to buy coffee face similar problems.

Paraguay

President Laments Death of Israel's Rabin

PY0611202795 Asuncion ABC COLOR in Spanish 6 Nov 95 p 71

[FBIS Translated Text] President Juan Carlos Wasmosy on 5 November lamented the death of Israeli Prime Minister Yitzhaq Rabin and condemned violence in any form that ends the life of those who struggle for peace in the world. Wasmosy personally contacted Yoav Bar-On, the Israeli ambassador in our country as soon as the Tel Aviv tragedy became known in order to express his condolences on the death of "a great pacifist." He expressed hope that the efforts for peace in the Middle East will not crack with the death of the Israeli leader.

Ruben Melgarejo Lanzoni, Wasmosy's private secretary, reported that the attack against Rabin vividly impressed Wasmosy "because he was closely following the steps being taken to achieve peace in a very conflictive region like the Middle East."

He explained that as soon as Wasmosy heard of the attack he contacted the Israeli ambassador in our country to express "his profound grief regarding the death of a great pacifist of the world."

Melgarejo Lanzoni said the Paraguayan Government sent a telegram to Tel Aviv to express condolences and grief over the death of Rabin.

He indicated that the president expressed concern over the Middle East situation because Rabin was one of the promoters of the peace that is being sought in that region.

The Israeli prime Minister was assassinated on Saturday night during a peace demonstration in Tel Aviv. His death has caused deep indignation among the world's leaders.

Peru

President Extends Condolences Over Rabin's Death

PY0711025895 Lima America Television Network in Spanish 0100 GMT 7 Nov 95

[FBIS Translated Text] Tonight the Peruvian Jewish community paid a moving tribute to the late Israeli leader Yitzhaq Rabin at the Shalom Synagogue in San Isidro District. The ceremony was also attended by Peruvian President Alberto Fujimori.

The ceremony at the Shalom Synagogue in San Isidro, attended by the Peruvian Jewish community, began with the prayer delivered at the tomb of relatives and friends, the equivalent of the traditional funeral service delivered by Catholics.

Three rabbis prayed to the memory of Yitzhaq Rabin before representatives of the Peruvian Jewish community, President Alberto Fujimori, Congress President Martha Chavez, members of the diplomatic corps, and representatives from various Peruvian institutions.

At the end of the prayer, (Eduardo Vigio), president of the Jewish Community Human Relations Committee,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

expressed his deep sorrow. He was followed by Israeli Ambassador (Joel Salpack).

[Begin Ambassador (Joel Salpack) recording] With your presence, you have shown that people truly want peace, and that they are opposed to violence. [end recording]

Later, on behalf of the Peruvian Government and people, President Alberto Fujimori expressed his deepest condolences.

[Begin Fujimori recording] Geographically speaking, Peru is very distant from Israel, but all Peruvians feel the sorrow of the Israeli nation because we are aware and have experienced in our own flesh and blood the effects of an insane violence like the one unleashed by terrorism, which resulted in the deaths of many honest and just men who combated this scourge. [end recording]

The ceremony closed with the participants singing the song for peace, the same song that Yitzhaq Rabin sang minutes before he was assassinated in Tel Aviv.

Foreign Ministry Consultative Commission Installed

PY0611130395 Lima EXPRESO in Spanish
21 Oct 95 p A3

[FBIS Translated Text] Yesterday, Foreign Minister Francisco Tudela presided over a ceremony in the Torre Tagle Palace [Foreign Ministry] to install the Foreign Ministry Consultative Commission, which is comprised of 16 well-known experts such as jurists, diplomats, and members of the media.

The high-level commission, which will be presided over by ex-Foreign Minister Fernando Schwalb Lopez-Aldana, will act as Tudela's advisory group, providing consultations and formulating opinions on timely issues related to Peruvian foreign policy.

The installation ceremony was held at noon in the Torre Tagle Palace. Minister Tudela pointed out the professionalism and ability of the commission members, whose "personal and professional background have been publicly recognized" and whose "experience will undoubtedly benefit Peru."

Tudela said: "The Consultative Commission will have the basic task of obtaining a consensus on domestic issues and on the best way of protecting and reaffirming national interests."

In addition to Schwalb Lopez-Aldana, the commission members are: Rear Admiral Ramon Arrospide Mejia, retired; ex-Ambassador Gonzalo Fernandez Puyo; Division General Julian Julia Freyre, retired; Congressman Luis Delgado Aparicio; and Estuardo Marrou Loayza.

The list also includes EXPRESO Director Manuel d'Ornellas Suarez, ex-Ambassador Jorge Morelli Pando, ex-Ambassador Arturo Garcia y Garcia, EL COMERCIO Director Aurelio Miro Quesada Sosa, Felipe Ortiz de Zevallos Madueno, Franklin Pease Garcia Irigoyen, Javier Valle-Riestra Gonzalez-Olaechea, Fernando de Trazegnies Granda, and Francisco Diez-Canseco Tavara.

It was learned that all the commission members received from Minister Tudela a file containing documents on the background of the commission since its creation in 1872, during the administration of President Manuel Pardo.

Tudela said that one of the commission's main tasks will be to study the Lima Convention that was signed recently with Chile, but has not yet been ratified, and that it will be up to the commission members to decide "on the methods and the time needed for the studies."

Daily: Lima Won 'International Image' War Against Quito

PY0611145895 Lima EXPRESO in Spanish
21 Oct 95 p A2

[Editorial: "Victory on the Foreign Front"]

[FBIS Translated Text] When the conflict between Ecuador and Peru broke out at the beginning of the year, Peru's international image deteriorated. For decades, Ecuadorans have globally presented themselves as the weak David challenged by a powerful Goliath which, to make matters worse, is a dictatorship disguised as a democracy.

This image rallied supporters among the foreign press and also had a great impact in the foreign ministries of several countries, including guarantor countries of the Rio de Janeiro Protocol. Peruvian diplomacy had to make a great and consistent effort to change this image.

As it turns out, Ecuadoran politicians and military men are truly responsible for changing Ecuador's international image. Month after month, their disagreements, confessions, and mutual accusations, in addition to their frequent reliance on deceptive diplomatic practices, have resulted in an image that is exactly opposite to the one they had previously enjoyed.

The entire world now is aware that the Ecuadoran leadership lacks popular support and that none of them has the courage to challenge the privileges of the military, a true oligarchy in the Aristotelian sense of the word.

Either by chance or intentionally, former Vice President Alberto Dahik, who is today exiled after being hu-

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

miliated in Quito, is the only political personality who promoted the economic reform; and, consequently, who became involved in a tacit conflict with the military hierarchy.

Furthermore, it is well known in all circles of the Americas that in Ecuador there are plans to restore the military to power in an institutional manner. This would be tantamount to the resurrection of the Velasco-style [Peruvian General Juan Velasco Alvarado 1968-1975] governments of the 1960's and 1970's. The presence in Ecuador of OAS Secretary General Cesar Gaviria impeded such an event from taking place a few days ago. This danger and its consequences on the future of Latin American democracy, however, is still latent.

By contrast, Peru is a civilized country with a government that enjoys high levels of support and which is about to hold free municipal elections. In the end, Peru has won the image war.

Ecuadoran Foreign Minister Changes Date of Visit

PY0611204195 Madrid EFE in Spanish 0258 GMT 4 Nov 95

[FBIS Translated Excerpt] Lima, 3 Nov [EFE] — Ecuadoran Ambassador to Peru Gustavo Ruales announced today that Ecuadoran Foreign Minister Galo Leoro will visit Lima in the first week of December, not on 5 November as first reported.

Ruales told ANDINA NEWS AGENCY that Foreign Minister Leoro will visit Lima to attend the meeting of the Amazon Cooperation Treaty to be held on 5 and 6 December. [passage omitted]

Involvement of Military in Drug Case Noted

PY0611204095 Lima LA REPUBLICA in Spanish 24 Oct 95 p 11

[Article by Miguel Gutierrez R.]

[FBIS Translated Text] Elizabeth Peri Chacon, provisional judge of the Fourth Ayacucho Penal Court, is prosecuting the military men involved in the interception of a small plane owned by Colombian traffickers. She has found indications of crimes of concealment of evidence and usurpation of functions by General Tomas Marky Montero, chief of the Huamanga Front.

Despite her remarks on the responsibility of two other officers in illegal trafficking of drugs, the judge said Gen. Marky Montero is not involved in the case.

The case against the military men involved in the interception of the small plane on 20 January in Villa Virgen, in the Ayacucho jungle, states that Gen. Marky Montero reportedly concealed evidence and undertook actions outside his jurisdiction, hindering the investigations.

The document states that the officer violated the law by ordering the removal of the bodies of a soldier and a Colombian trafficker, without the presence of a representative of the attorney general.

A military patrol discovered the plane, in which the traffickers were taxiing. Soldier Daniel Cahuana Tomayila received a fatal blow when the plane suddenly turned. Colombian crew member Felix Alberto Lopez also died in circumstances that have not yet been clarified.

Gen. Marky Montero ignored normal proceedings and ordered the removal of the bodies to Huamanaga without calling for the presence of the district attorney.

Moreover, the Huamanga Front chief committed another serious irregularity by ordering the drawing up a record of the intervention of the Colombian plane, a function that is the exclusive duty of an attorney. On top of this, the high-ranking officer dealt with the measure a few days after the event.

The judge's report shows there are reasonable indications of concealment of the evidence found by Gen. Marky Montero in the traffickers' plane.

After entering the plane, Marky Montero ordered the transfer of bags containing about 500 kg of drugs to this own helicopter.

According to statements by Lieutenant Omar Zegarra Corrales Nunez and Noncommissioned Officer Reynaldo Alexander Flores Quispe, a cellular phone, a gun, and three handbags presumably containing $1 million were also seized.

The document registering the seizure, which was drawn up two days after the incident, mentions 450 kg of cocaine paste but not the gun, the cellular phone, or the handbag with the money that Gen. Marky Montero took with him.

Some weeks after the incident in Villa Virgen, and at the insistence of Judge Lose Luis Pinares, the cellular phone was submitted to his court. The document registering the handing over of the cellular phone did not include information on its seizure or on the reason why it was not handed over to the district attorney.

In light of the statements by those involved in the incident on the existence of other items of evidence — besides the drugs — the head of the first penal court continued to insist on the delivery of the evidence. There was no answer.

Then, on 28 June, six months after the start of the investigation into the actions by the military men, Gen.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Marky Montero delivered to Judge Pinares a handbag bearing the "Eminent" trade mark, without explaining why he did not deliver it to the attorney at the time.

Surprisingly enough, shortly after Marky Montero turned in the evidence, the case was removed from the jurisdiction of Judge Jose Pinares Salinas, who was responsible for the investigation. That decision was made by the executive council of the judicial branch on the grounds of alleged irregularities.

Both Lieutenant Omar Zegarra Corrales and Moises Granados Oros — the Colombian pilot — had said there were handbags in the plane on the day of the incident.

But the handbags did not appear.

In her report, Pari Chacon says Gen. Marky Montero was totally unaware of the guidelines he must follow in his capacity as military chief of an emergency zone.

Marky Montero went from Huamanga to Villa Virgen without notifying the district judge or the military judge.

In the report Marky Montero submitted to Pari Chacon, he claims he ordered the removal of the dead bodies and of the wounded without awaiting the attorney's presence "because of the seriousness of the case and because of urgency."

In her report, the judge emphasizes that Gen. Marky Montero usurped his authority and violated the administration of justice because he concealed evidence. He also permitted the removal of bodies and the removal of evidence, violating the proceedings in force in emergency zones.

The judge's report concludes by attributing penal responsibility to Noncommissioned Officer Alexander Flores Quispe, Lieutenant Omar Zegarra Corrales, and to Colombians German Galan Galan and Moises Granados Oros.

The judge's report states: "The investigation reveals indications of usurpation of functions and concealment of evidence against the administration of justice by Gen. Marky Montero." It adds: "He removed dead bodies and evidence of crimes without the intervention of the district attorney, functions that the law places under the jurisdiction of a district attorney, not under a political-military authority."

Moreover, the judge states that "concerning the concealment of evidence, which was not placed at the disposal of the district attorney's office or of the court, a presumed crime of concealment of evidence has been committed, because the seized objects were supplied at an inopportune time, at the request of the court, and in light of the clarification of the case."

Unbelievably, despite the irregularities committed by Gen. Marky Montero, the judge excluded him from prosecution, even though the law states he should be subject to a broader inquiry.

The accumulation of evidence of responsibility during the prosecution compels the judge, in an effort to clarify the incident, to broaden the investigation or to provide independent copies of the statements for revision by the attorney general. Judge Pari Chacon, however, did not follow any of those proceedings.

'Second Most Wanted SL Leader' Profiled

PY2710191195

[FBIS Editorial Report] Lima LA REPUBLICA in Spanish on 23 September carries on pages 10-15 a 3,500-word "exclusive" report by Angel Paez of LA REPUBLICA investigative unit on Pedro Domingo Quinteros Ayllon, aka "Comrade Luis" the "second most wanted Shining Path [SL] leader in Peru." Paez said that "Commander Lobo, one of the most active National Counterterrorism Directorate [Dincote] officers knows" there is "an SL leader who may be more important than Oscar Alberto Ramirez Durand, aka Comrade Feliciano, because he is an ideologist." Paez reports that this man is "Pedro Domingo Quinteros Ayllon, the second most wanted SL leader in Peru."

Paez said that Peruvian Communist Party-Shining Path, PCP-SL, records seized when SL leader Abimael Guzman was arrested, list the students of the so-called "First Military School," a kind of military training workshop that 56 SL leaders attended in April 1980, just before the armed struggle began. The list indicates that Ramirez graduated fifth of the class while Quinteros graduated in 28th place. The documents show that Ramirez ranked sixth in the Central Committee while Quinteros ranked 34th. Paez adds, however, that "following the 1988 First SL Congress, the composition of the Central Committee changed: Ramirez reached third place and Quinteros reached 15th place."

Paez adds that "in September 1993, Dincote agents arrested Rosa Angelica Salas de La Cruz, a member of the SL Central Committee, who supplied additional information on Quinteros. She revealed his true identity because until then he was known only by his alias. She also told Dincote about his position as head of the Lima Metropolitan Committee, the political and military SL unit that plans and carries out armed actions in the Peruvian capital."

Paez states that in May 1994 Dincote agents arrested a high-ranking SL member known as Maria who testified that "in October 1993 Ramirez instructed her to get in touch with a Comrade Oscar in Lima." Maria said that Comrade Oscar lived at 1013 Los Chasquis Alley, San Juan de Lurigancho neighborhood and was none other than Pedro Domingo Quinteros Ayllon, also known as Comrade Luis, who had taken over the leadership of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the Lima Metropolitan Committee following the arrest of Edmundo Cox Beuzeville, aka Comrade Andres.

Paez said that Comrade Luis, "is the third of five children born to Pedro Quinteros and Leonor Ayllon in Huancavelica on 9 September 1941. He lived most of his life in the Ciudad y Campo neighborhood in Rimac District. He graduated from the Jose Granada High School after studying there from 1958 through 1960."

Paez reports that "Quinteros Ayllon probably had his initial contact with the PCP at high school. According to his schoolmates Quinteros was not an outstanding student but he always tried to be the best." Paez adds that Comrade Luis also graduated from the National Teaching Institute on 28 January 1964 and began his career as an assistant teacher at the San Martin de Porres National School No. 700, which later became the Javier Heraud Educational Center No. 3039. Paez said: "Quinteros spent practically all his professional life at this school which is also where he started to conspire against the system."

Paez quotes Quintero's colleague at the school as saying: "When the PCP split in two factions: pro-Moscow and pro-PRC, Quinteros Ayllon did not disguise his preference for Mao Zedong's revolution and his Peruvian followers." Paez adds: "Apparently Comrade Luis was a member of a PCP-Red Banner faction called the Red Faction which spearheaded the opposition against then PCP Secretary General Saturnino Paredes Macedo. The leader of the Red Faction was Abimael Guzman who, during the sixth plenary meeting of the Sixth PCP-Bandera Roja Congress, on 6 February 1970, decided to sever ties with Saturnino Rojas in order to 'rebuild' the communist party which would launch the people's war one decade later."

Paez said Dincote believes that early in 1972 Quinteros Ayllon traveled with Abimael Guzman and the late Antonio Diaz Martinez to receive ideological and military training at the Shanghai School in the PRC. For this the Education Ministry punished Quinteros by transferring him to another school in Chiclayo. Paez adds that at that time Quinteros belonged to the Mariateguista Intellectual Workers Center, CTIM, and attended as this group's representative the Second National Meeting of Abimael Guzman's grassroots organizations in 1977.

Paez reports that "a record of the meeting shows that Ramirez spoke about his political work at the National Engineering University, UNI, and Quinteros spoke against focusing proselytizing activities on urban areas among workers and labor unions. Sticking to the Maoist line he demanded stepping up activities in rural areas. As a result of this meeting several leaders traveled to the Andean region to work with the masses to pave the way for the armed struggle. Meanwhile Quinteros stayed in Lima."

Paez states that during the lengthy teacher strikes in 1977, 1978, and 1979 organized by the Trade Union of Education Workers, SUTEP, Quinteros' colleagues appointed him their representative "because he was a well-read man who knew a lot about labor unions." Paez quotes one of Quinteros's colleagues as saying: "He was not just an agitator, he was a thinker. He drew up proposals and defended them with conviction, rather than passion."

Paez believes Quinteros was an SL mole in the SUTEP and reports that because of his activities the government fired him on June 3 1979, although together with hundreds of other teachers, he was reinstated on October 8 of the same year. He was sent to another school but fought to be transferred back and won. Paez says Quinteros resigned from the Javier Heraud School on June 30, 1983, after teaching for 22 years.

Paez says that Quinteros was living with Miriam Beatriz Espino Salinas, 25, when the latter was arrested on August 24, 1995, together with Maruja Arango Chavez, aka Comrade Estrella. Espino and Arango were about to board a plane in Trujillo bound for Tarapoto. Paez claims that "putting Espino under surveillance was bound to lead to Quinteros Ayllon, but Commander Lobo and his agents received orders from above to arrest the two subversives." Paez quotes Lobo as saying: "This was done against our wishes. It was a political decision."

Paez adds: "Commander Lobo did not lose all hope. Information obtained recently from repented terrorists and deserters helped him prepare other operations. One informer acknowledged that Ramirez and Quinteros hold similar ranks: one as a military leader and the other as the ideologue. The informer went as far as to say that Quinteros has been given the job of organizing the key PCP-SL Second Congress during which the leadership will be reshuffled and a new Central Committee appointed."

Paez quotes a "recently arrested subversive" who describes Quinteros as "a quiet guy who sometimes gets very depressed, especially because of the problems the party is going through. His main concern is organizing the Second Congress. He was afraid that the prevailing situation would lead to the party's collapse, mainly because the leaders were doing as they pleased." The arrested terrorist added that "unlike Feliciano who is stubborn, intolerant, and explosive, Comrade Luis is easy to talk to, argue, and debate with. Luis has to obey Feliciano but usually does not follow all Feliciano's orders to the letter."

Paez adds that the informer described Quinteros as "lacking physical strength and prone to contracting bronchial diseases, which frequently led to attacks of asthma" and "having an inclination for young women, which has led him to have problems with the party."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Correction to Analysts View Candidate's Chances

PY0211182395

The following correction pertains to the item headlined "Analysts View Leading Candidate's Chances in Lima Election," carried in the 2 November Latin America DAILY REPORT, page 44:

Fourth complete paragraph, first sentence, make read: ...running on Andrade's "Somos Lima" ["We Are Lima"] ticket. It includes... (correcting name of ticket, providing translation)

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.